FINANCIAL TIMES

No. 26,700 Tuesday June 24 1975 **10p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.20; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

NEWS SUMMARY

GENERAL

Callaghan stands firm on visit to Amin

In a forthright statement to the Commons last night, Foreign Secretary James Callaghan stood firm on his decision not to go to Uganda unless Mr. Dennis Hills is first relieved.

His statement, which said it was "utterly wrong" to barter a man's life for political conditions, came after President Amin reversed his apparent Sunday decision to reprieve Mr. Hills.

After meeting the Queen's emmissaries, Lt.-Gen. Blair and Major Graham, The Uganda President said after meeting his Defence Council to-day that Hills would die in 10 days if Mr. Callaghan does not go out by then.

Mr. Callaghan said in following its policy the government had in mind its responsibility for the safety of the 700 Britons living in Uganda who, Amin said yesterday, were being watched as potential spies.

The Foreign Office last night "utterly" refuted Radio Uganda claims that Gen. Blair had threatened Amin with military intervention or that he was "ill-tempered, undiplomatic and weak." The envoys left Kampala last night and will see Mr. Callaghan in London this morning. Back Page

Rape sentence policy talks

The Lord Chancellor is to have talks with Lord Chief Justice Widgery, about the sentencing policy on rape. Intervening in the controversy over Mr. Justice Christmas Humphreys, who gave a double rapist a suspended sentence, Lord Elwyn Jones will report to four MPs who saw him to-day. One, Mr. Jack Ashley, has tabled a Commons motion seeking the judge's removal.

The Old Bailey administrator, Mr. Leslie Boyd, yesterday switched from the judge's list another rape case he was due to hear and gave it to Mr. Justice ...rnan.

Clay Cross Bill defeat

Four overwhelming defeats were inflicted by the Tories on the Government in the Lords last night, just about wrecking the chances of the Government Bill to lift the surcharge on the Clay Cross Councillors for failing to observe the Housing Finance Act.

Back Page

Red carpet for Royals

The Queen may turn out to be the brightest jewel to crown Russia's latest diplomatic campaign—a glittering procession of Western royalty to Moscow. This month the Kremlin has rolled out a "red" carpet for Denmark's Queen Margarethe, Luxembourg's Grand Duke Jean and now Belgium's King Baudouin. The Foreign Office, it seems, has withdrawn its objections in principle and if the Queen can fit it in . . . David Lascelles, Page 7

People, places

BRITAIN is to exchange envoys with the new Saigon Government, the Foreign Office announced yesterday.

IPSWICH COUNCIL'S transport committee yesterday recommended Volvo, rather than British, buses which "are too expensive and slow in delivery."

THIRTEEN INCHES of rain brought chaos to Sydney and district. Four people were killed.

CLEARLY in peak condition, farmer Joss Naylor, 39, ran up and down 72 lakeland mountains in 24 hours, to set yet another bizarre world record.

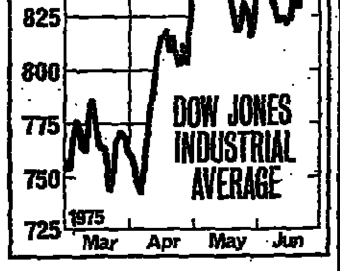
DRUGS prescribed for depression led company director Armen Metrebian to hit 17 cars, drive through a supermarket and demolish railings in London.

BUSINESS

Equities fall 15 on fears of freeze

● EQUITIES were depressed, mainly by fears of a price freeze. Selling of leaders was small but fairly persistent. The FT 30-share index dropped 15 points to 318.8, making a fall of 46.5 in the 12 days since the year's peak on June 5.

● GILTS were quiet apart from further steady demand for low-coupon shorts which closed up to ¼ better. Gains extending to



⅜ in mediums and longs were mainly the result of a late mark-up on Friday after the rail pay settlement.

● STERLING closed 20 points down at $2.2720; its weighted depreciation narrowed to 26.2 (26.3) per cent. Dollar's fall also lessened to 6.57 (6.73) per cent.

● GOLD fell $½ to $162¼.

● WALL STREET closed up 9.39 at 864.83, its highest level for 13 months. The market was buoyed by hopes of the end of the reecession

● FRENCH STATE electricity agency is planning a bond issue of around SDR 50m. at 8¾ per cent. over eight years, an important test of the new market in SDR bonds.
Page 28

BSC threatens plant closure

● BSC WILL SHUT its Port Talbot works on Sunday if the strike by 4,000 production workers is not ended. All 10,000 production workers would be laid off.
Back Page

● BRITISH LEYLAND has agreed to produce a "discussion document" for trade unions outlining proposals for worker participation following the Ryder report.

● PAY TALKS for 57,000 ICI manual workers broke down last night. Union representatives said the company's offer was not high enough. A further meeting has been arranged for Friday.

● BSC has joined the U.K. private sector in complaining to the European Commission that Italsider of Italy is unfairly undercutting steel prices.
Page 8

● DRILLING began yesterday from the first platform in the BP North Sea Forties field. Oil is expected to flow by the autumn.

● SCOTTISH-BASED Oil Exploration (Holdings) has re-entered the Dutch North Sea sector in a deal with Amoco.
Page 8

COMPANIES

● GODFREY DAVIS taxable profits for the year to end-March fell from £1.61m. to £1.18m.
Page 26 and Lex

● LANKRO CHEMICALS Group more than doubled its annual taxable profit from £1.41m. to a record £2.93m.
Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Anglo Am. Inds.	800	+ 35
Van de Groot	51	+ 4
Doncaster (D.)	91	+ 46
Joseph (Leo.)	240	+ 30
Cons. Tea and Lands	190	+ 20
Botswana RST	100	+ 13
...ross	680	+ 10
London Tin	170	+ 5
Western Deep	£21¼	+ ¼

FALLS

Bank of Scotland	238	− 12
Beecham	278	− 17
Boots	225	− 14
...water	160	− 10
...s	315	− 8
Debenham	127	− 6
Britain (R.)	198	− 7
Courtaulds	121	− 7
Distillers	136½	− 6½
EMI	175	− 8
GEC	118	− 7
Glaxo "New"	146*	− 14
GKN	232	− 13
Hawker Siddeley	266	− 12
IC Gas	240	− 16
ICI	272	− 12
Keyser Ullmann	44	− 8
Land Securities	175	− 8
Lyons (J.) "A"	162	− 10
Marks and Spencer	209	− 9
Midland Bank	255	− 18
P and O Dfd.	92	− 6
UDS Group	88	− 7
Unilever	366	− 18
BP	520	− 12
Shell Transport	308	− 11
Minorco	286	− 6
Pancontinental	315	− 40
Selcast Expln.	24	− 4
Selection Trust	365	− 25

* Premium.

Cabinet preparing emergency plan to curb wage claims

BY RICHARD EVANS, LOBBY CORRESPONDENT

EMERGENCY ACTION to curb wage demands in both the public and private sectors of industry is now under preparation by the Cabinet in case the TUC does not deliver a voluntary system of wage restraint which meets the Government's inflation targets.

Mr. Denis Healey, Chancellor of the Exchequer, plans to make a major economic statement to Parliament before the end of July, to assure both domestic and foreign opinion that the Government intends to meet his target of a 10 per cent. inflation rate by September 1976.

If the TUC arrives at a viable policy within the six-week deadline set by Mr. Healey at the week-end it will be accepted with relief by the Cabinet.

But if there is no hope of curbing wage demands by voluntary agreement, Government measures will be aimed at both sectors of industry.

In the private sector, the penalty now under active consideration would be an amendment to the Prices Code which would ensure that companies would be unable to pass on any excessive wage increases by raising prices

Ministers believe that many companies should be able to absorb reasonable wage increases because of the extended stock relief scheme announced in the Budget, although it is admitted this was selective in its impact.

In the public sector, where the most damaging breaches of the social contract have occurred, the Government would starve nationalised industries and local authorities of money to pay for excessive wage demands.

If unions insisted on striking for increases which the industries could not afford, Ministers see no alternative to riding out the strikes, however damaging they might be in the short term.

The Government believes these measures would be vastly preferable to the full panoply of a statutory incomes policy, partly because of the time factor and partly because of the prospect of splitting the Labour Party.

An amendment to the Prices Code could be put through Parliament before the summer recess after a single Commons debate, whereas a statutory policy would have to be left to the autumn because of its complexity.

Voluntary

It would also leave the Government vulnerable to the support of the Conservative Opposition, as a large and vocal group of Left-wing MPs would oppose a statutory policy in the lobbies.

There would clearly be violent Left-wing protests at any attempt to impose a limit on wage bargaining, but Ministers do not believe the Government would have too much difficulty in forcing through the necessary amendment to the Prices Code.

Although the emergency plan to check the rate of inflation is ready in outline — it was discussed in detail at Friday's all-day meeting of the Cabinet at Chequers—it is being stressed that its implementation depends entirely on whether the TUC is able to deliver the goods.

The Prime Minister and some senior Ministers, notably Mr. Michael Foot, Employment Secretary, are continuing to place all their hopes on a voluntary wages agreement.

They are convinced that enough union leaders are now aware of the grim alternatives, and will therefore do their best to reach agreement.

The first test of their optimism will come to-morrow when the tone of the TUC General Council meeting on the pegging of wage rises should give an early indication of prospects.

If there seems to be no hope of progress, the Cabinet might well decide to shorten its timetable and introduce its own measures for curbing inflationary wage demands around the middle of July.

Mr. Healey's target of a 10 per cent. inflation rate by September 1976 compares with the present annual rate of between 25 and 30 per cent. In terms of wages, the target would mean an increase of £6 to £8 a week.

CBI in call to cut public spending

By Harold Bolter, Industrial Editor

THE CONFEDERATION of British Industry yesterday called for urgent steps to be taken by the Government to bring "excessive" public expenditure under control. It warned that a poor country could not afford high levels of public amenities, social security and other benefits.

The warning came in evidence from the CBI to a general sub-committee of the House of Commons Expenditure Committee, which is now examining the financing of public expenditure.

It reinforces the week-end statement by Mr. Anthony Crosland, the Environment Secretary, that "very savage" public expenditure cuts might have to be made, with a painful pruning of public services such as education, health and housing, if the present "lunatic wage paper chase" was not stopped.

In its evidence, the Confederation insisted that better control over public expenditure had an important part to play in any counter-inflation. The CBI claimed that the total level of public expenditure had contributed to the U.K.'s present economic difficulties, and would have done so however it had been financed.

Last year, total public expenditure rose extremely rapidly; it was higher by almost one-third than the level in 1973-74 (and by 7 per cent. in real terms). In the coming year, it seemed likely that total public expenditure would be equivalent to almost 60 per cent. of gross national product. "These levels, and this speed of increase, seem excessive," the Confederation maintained.

If the burden of public expenditure on the private sector could be reduced in the next few years, the Confederation suggested, this would increase the chances of a more prosperous and successful industry.

In turn, this would be more likely to produce an economy able to afford higher real standards of social services

● John Bourne writes: The Department of Industry is planning to table its long-awaited amendments to the controversial Industry Bill in the Commons to-day, for publication to-morrow.

Whitehall sources maintain that although about 100 in number, many of them are on minor points and that there will be nothing of magnitude.

The main change will be a compromise between the Department's original attitude in the Bill on the disclosure of company information, and the demands of the CBI and the Conservative Opposition for the complete dropping of its provisions for compulsory disclosure.

Social services—The cash count, Page 14

TUC urges controls on top salaries

BY JOHN ELLIOTT, LABOUR EDITOR

SPECIAL RESTRAINT on pay rises for salary earners on £10,000 or more a year plus stricter price controls on retail goods emerged yesterday as the latest TUC contribution to the debate on the next stage of the Government's anti-inflation policy.

At the same time, the possibility of changes being introduced in the Government's policy on subsidies arose at a meeting of the Labour Party-TUC Liaison Committee which acknowledged in a special statement that a target for next winter's price rises would need to be backed up "by subsidies where necessary" plus an equally sharp deceleration in the level of wage increases.

This committee meeting, which discussed a TUC idea for a Government "shopping basket" of key prices, enabled the Prime Minister and his colleagues to discuss the TUC's new draft of its social contract. But there were only two TUC representatives present — Mr. Jack Jones of the Transport Workers and Mr. Len Murray, TUC general secretary—and the Chancellor of the Exchequer was a surprise absentee.

The Prime Minister later isused a formal statement describing as a "forward movement" the unions' document which passed through the TUC economic committee two weeks ago and goes to the TUC general council to-morrow.

But there has been one key change in a private draft of the document now circulating among senior TUC and Labour Party leaders. This emphasises that "there is nothing in the present economic situation which prevents real wages and living standards being maintained in the coming 12 months." This is a change of emphasis by the TUC which was accepted by the Labour-TUC Committee yesterday. It reflects the concern of TUC leaders to stress that adoption of their idea of pegging wage rises below the rate of price increases would do more to maintain living standards than the alternative of allowing unfettered wage bargaining with its consequential effects on inflation.

The special pay rise restraint on those earning £10,000 or more also emerges in the TUC's documents following the TUC economic committee's discussion of the future of the social contract.

Reports of the discussion sent to members of the TUC general council suggest that there should be "an absolute freeze on top incomes in industry and in the Government beginning at about £10,000 or £20,000."

This is then turned into a specific proposal in the document revising the social contract which says: "The more prosperous who can more easily bear the burden of helping the economy . . . must be prepared to set an example." It then adds: "Those with incomes over £20,000 a year should forgo any increase in their incomes in the present period of difficulties. There should also be special restraint on the part of the somewhat less highly paid group with incomes over say £10,000 a year."

These figures are in line with those proposed recently by the TUC to a Royal Commission as a possible ceiling for all salaries—£20,000 before tax or £10,000 after deductions. The TUC also links the need for dividend

Continued on Back Page

Moderates seek to save voluntary policy, Page 11

Chrysler to press ahead with plant closures

BY OUR LABOUR STAFF

CHRYSLER is to press ahead with closures of car assembly plants because of a lack of components from its strike-hit Coventry plastics subsidiary.

Avenger production at Ryton, Coventry, will be the first hit with 4,000 men made idle from to-night. Imp and Hunter production at the Linwood, Scotland, plant will be hit to-morrow when a further 2,500 will be laid off.

The shortage of radiator grills, and dashboard fittings is expected to halt production of finished vehicles by the week-end when some 9,000 will be idle. It will progressively affect other parts of the company and its 27,000 U.K. workforce.

The stoppage is a spin-off from the recent damaging pay strike by 4,000 key workers at Chrysler's Stoke, Coventry, engine plant. The 340 plastics men are demanding lay-off pay for the time they were made idle during the engine plant strike and full pay for the two and a half weeks they have been on strike in support of this claim.

Chrysler management has offered to take both issues to separate arbitration but refuses to meet the strikers' precondition of a prior commitment to pay the lay-off pay as it feels this would jeopardise the arbitration.

Management had hoped that after its week-end threats of imminent mass lay-offs, shop stewards might call a mass meeting to review the situation. However, when the 15 stewards met yesterday they decided against holding a meeting to-day or setting a date for any meeting.

The crux of the issue is interpretation of the company's lay-off pay agreement which allows for 65 per cent. of basic rates (about £50 a week in this case) to be paid when men are made idle by "outside" disputes.

The strikers base their claim on part of Chrysler's agreement which states that they cannot be put on short time for a period of six weeks after working overtime. Management points out that this part of the agreement refers to market fluctuations and not lay-offs due to strike action and emphasises that the lay-off agreement precludes payment for those made idle by strikes at Chrysler subsidiaries.

Last night, Mr. Tom Sweeney, Transport and General Workers Union convener at the plastics plant, said they were willing to take the lay-off pay claim to arbitration.

"But what we are saying is that if the decision is in our favour, the onus falls on the company to pay us for the time lost in pursuing our claim."

Ironically the Stoke engine men whose recent pay strike caused the loss of Chrysler production worth some £15m. and which led indirectly to the company's current problems are likely to be the last affected by the lay-offs.

For the Stoke engine and transmissions plant manufactures most of the components for Chrysler's big export order for Iran which involves delivery of 150,000 export kits for the "Peykan" derivative of the Avenger. This key order has shielded Chrysler workers from much of the short time working which has hit others in the industry as has a second order for 10,000 built-up Avengers, although the 6,000 still to be delivered will be caught in this new dispute.

Last night the main hope of a breakthrough appeared to be the Advisory, Conciliation and Arbitration Service which, after convening abortive talks last Friday, was still keeping in touch with the parties.

Two new deputy managing directors for Chrysler, Page 8

International Nickel in £10.9m. bid for Daniel Doncaster

BY MARGARET REID

INTERNATIONAL NICKEL, the Canadian group which is the world's largest nickel producer, has made an agreed £10.9m. cash take-over bid, at more than twice the previous market price, for Daniel Doncaster and Sons, the Sheffield-based drop forgings concern.

The move is the second within a few weeks by an important overseas group to acquire an engineering company in the same city. Last month SKF, the big Swedish manufacturer with extensive foreign interests, made a Board-backed offer for Sheffield Twist Drill and Steel, for which Thorn Electrical Industries is now competing in a £12m. take-over battle.

The height at which the bid for Doncaster is pitched suggests that International Nickel (Inco) has learned a lesson from the Sheffield Twist affair in making its offer on what were widely regarded, last night, as "shut-out" terms to deter any would-be rivals. Shareholders are offered 101p a share, which compares with Friday's closing price of 45p and a 1974 low of 20p.

Doncaster shares have been a lively market on occasion recently on the view that further moves towards rationalisation of the Sheffield private steel and engineering industry might lead to a bid.

Johnson and Firth Brown, the Sheffield engineering concern which is itself the product of recent mergers, holds a 10¼ per cent. stake in Doncaster and has probably in the past reviewed the possibility of a get-together. The two companies are leading producers of specialist drop stampings for the aircraft industry—a field in which the big Guest Keen and Nettlefolds is another supplier.

Indications last night however were that JFB was unlikely to contemplate a competing offer. If itt accepts a successful Inco bid, it would show a profit of some £750,000 on its holding.

Diversification

The Inco offer is subject to exchange control consent and to there being no reference to the Monopolies Commission. In the industry last night, there was some disposition to question whether the sale of Doncaster to an overseas-controlled group would necessarily be the best development from the British point of view. Inco, though, is hopeful of the needed clearances.

The Doncaster share price, 46p up at 91p, reflected some caution on the outcome of the official consideration.

For Inco, whose 1974 sales were $1.68bn. (£740m.), the bid would be a further diversification after its $224m. (£98m.) take-over last year of the U.S. battery company, ESB.

Inco's British subsidiary, Henry Wiggin, which makes high-nickel alloys, is a major supplier to Doncaster, whih is in turn a large supplier to the gas turbine industry, including Rolls-Royce (1971).

Inco and Doncaster expect this industry to have growing business from both aerospace and land-based customers, and the proposed link is seen as strengthening capacity to provide forgings and components to meet this increasing demand. The two companies are described as "not competitors but having complementary roles in supplying the gas turbine industry."

● In rejecting an increased bid for N. Greening, the engineering and wire concern, from Johnson and Firth Brown last night, the Greening Board noted that the take-over would require the consent of the European Economic Commission.

Last year, the European authorities gave a qualifying consent for the British Steel Corporation to acquire a "controlling" shareholding of 34 per cent. in JFB itself, stipulationg that such o mave must be subject to two JFB subsidiaries being sold within a year. However, the possibility of the BSC taking over the stake in JFB formerly held by Jessel Securities was not proceeded with and the holding was instead placed with a range of institutions.

See Page 27

FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

LOMBARD

A spoke in the SDR's wheel

BY C. GORDON TETHER

IRAN HAS put a sizeable spoke in the SDR's wheel — and just when its sponsors were at last having some success in getting it to start turning—by revealing that it was having second thoughts about the wisdom of making it the new unit of account for calculating oil prices.

For its discovery that the SDR may be an even more unreliable method of measuring value than the dollar is clearly likely to have a sobering effect on the current campaign to convince everyone that it is the medium in which they can put their trust — and thereby give new impetus to the search for a more satisfactory alternative.

The great virtue claimed for the SDR is that, as its value is based on a basket of currencies, prices expressed in it are not vulnerable to major changes in exchange rate relationships between the leading currencies in the way they are under the traditional practice of denominating them in a single international currency.

Open question

It follows, however, that it makes no sense at all to switch from a single currency to the SDR basket if that currency is faring better than the general run. This is just what has struck the Iranians. And it was they, it will be remembered who played a sizeable part in setting the great SDR fashion under way early this year by announcing that they were going to value their currency on this basis instead of in terms of the "discredited dollar"

What the Iranians are now saying, to use the words of Oil Minister Gamshid Amuzegar, is that "if the dollar improves—as it is at the moment—we, as producers, will lose much if we calculate in SDR's." They are coming to the conclusion, in other words, that by switching into SDRs at this juncture, they run the risk of compounding the losses they have sustained as a result of staying with the dollar while it was depreciating faster than the general run of leading currencies.

It is, of course, an open question whether, taking one year with another, the dollar is likely to be a better bet than the Fund's SDR basket. Up to the later 1960s, the dollar was usually to be found losing purchasing power at the hands of inflation at a rather slower pace than the general run of major currencies. After the opening of the 1970s, it was the other way round. But as the U.S. has had rather more success in the very recent past at slowing down the wages-prices spiral than most other industrial countries, the dollar has begun to look the better proposition once again.

However, the important point to notice about Iran's new thinking on the "unit of account" question is that its disenchantment with the SDR is not finding expression in a wish to return to the dollar and leave it at that. "The solution," as Mr. Amuzegar expressed it, "is to calculate oil prices in dollars under a system in which inflation, as measured by the prices of certain commodities, would be taken into account."

An index based on physical things must, of course, be a better proposition in the longer run than one linked to paper money of constantly shrinking real value. But there is no difficulty in seeing that the oil-producing countries will have to think very carefully of its composition and the timing of its introduction if they do not want to run the risk of finding that they have done the right thing at the wrong moment. It is quite conceivable that, given a continuance of the present economic environment, a basket of commodities could be an even less reliable unit of account for their product than the SDR over the next year or two.

A more reliable way of getting the result they want, though technically more difficult to implement, would be to relate the projected index not to basic commodities but the prices of the manufactured goods that constitute the main part of their purchases from the outside world.

An even better way of achieving their purpose would be to press for the indexing of both the price of oil and the unspendable proceeds of their exports in terms of the one form of money that, having stood the test of time, still commands respect in the world at large—gold. And the futility of protecting prices against monetary erosion while the funds they generate remain fully exposed was ringed round recently by the Shah of Iran. He pointed out that a third of the country's reserves had been lost because they had been deposited in other people's fast-depreciating currencies.

By doing this, the oil-producers would be performing a signal service not only for themselves but also for the rest of humanity. For what the world needs now is truly stable money—not poor imitations of it like the SDR.

RACING — BY DOMINIC WIGAN

One-eyed horse should be king

THERE HAVE been few horses in better form this season than the one-eyed *Belper*, and it will be interesting to see if he can win to-day's Operatic Society Challenge Cup at Brighton for the second year running and gain his fourth course victory of the campaign.

John Dunlop's Busted gelding, who is bidding for his eighth success since the start of the 1972 season, opened his account this term by making all the running to win the one and a quarter mile Madeira Handicap, six weeks ago, with the minimum of effort, cantering past the post four lengths clear of Tay Bridge.

Since that success, Belper has again found no difficulty in making almost all his own running here in two and a half mile events. On May 28 Ron Hutchinson's mount again had four lengths to spare when conceding Pirate Bell 17 lbs in the Channel Handicap, and 12 days later he was never threatened in the Fitzherbert Handicap, in which he gave Sob Story 33 lbs and a seven-length beating.

Although he has gone up 25 lbs. in the weights since putting six lengths between himself and Glenroy in the corresponding event a year ago Belper is in such fine fettle that I do not intend opposing him. Our Manny,

BRIGHTON
2.00—Sheric Boy***
2.30—Sound Jiff
3.00—Belper**
3.30—Cloud Yellow
4.00—Posy
4.30—Moor Lane

PONTEFRACT
2.45—Court of Hill*
4.15—Right View
4.45—Princely Mark
5.45—Star of Bagdad

a length winner from Park Lawn in a minor event over this course and distance in May, is not harshly treated with 9st 6 lbs. on his best form, and could be the one for forecast backers.

Richard Hannon and Frankie Durr, who teamed up to win the 1973 2,000 Guineas with the 50-1 outsider, Mon Fils, could provide the winner of both the first and second races here through *Sheric Boy* and *Sound Jiff*.

Sheeric Boy, a two-year-old son of Decoy Boy, had little difficulty at Salisbury, early this month, and unless the newcomer, Octogenarian, is useful he seems likely to come out on top in the Eastbourne Stakes (2.0).

Sound Jiff, who was gaining his third success of the season when outpacing Prince Gournet in Goodwood's Mortar Hill Handicap a month ago, need only reproduce that running to make his presence felt in the Palace Handicap (2.30), in which Firetail, a half-length winner from Great Echo over this course and distance in the valuable Pavilion Handicap, is an obvious danger to all.

Turning to the afternoon's other meeting, Pontefract, where *Court of Hill* is just preferred in the opener to the likely firm favourite, Rerico, in the Juvenile Maiden Stakes (2.45), *Star of Bagdad* should get off the mark in the Hull Maiden Fillies' Plate (5.45). Pat Eddery's mount, a head second to Gemini Miss at Folkestone on her last outing, appears to have little to beat, and it would seem folly to oppose her.

SALEROOM — BY ANTONY THORNCROFT

Tsar's Gospels make £13,000

SOME VERY good prices were set at a Sotheby's sale of early printed books yesterday, which realised £224,488, but the great attraction, a first edition of the first secular book to be printed, was bought in when the bidding stopped at £34,000.

The disappointment was the 1460 Mainz edition of the *Catholicon*, by Johannes Balbus, an encyclpaedic volume on the etymology of Latin words in the Middle Ages, originally written about 1286. There are less than 80 copies of the work known, the great majority in libraries, and it is celebrated because it is the first printed book in which the place of printing is mentioned. It could have been printed by Gutenberg himself.

This item apart, demand was brisk. A copy of Aesop's *Vita et Fabulae*, printed in Naples in 1485, and the most famous Italian edition of Aesop with excellent wood cuts, went for £24,000 (estimate £14,000-£18,000) and Nicolaus Copernicus' *De Revolutionibus Orbium Coelestium*, 1543, a first edition of this revolutionary work, made £14,000, near the top of the estimate.

A copy of the Gospels, written between 1598-1600 in Church Slavonic, with five full-page miniatures, and once owned by Tsar Boris Godunov, was bought for £13,000. It is regarded as the most beautiful and rare Russian illuminated manuscript to be sold at Sotheby's, and was probably intended for the sovereigns' household rather than for a church. It was estimated to fetch £6,000-£8,000.

Bergomensis' *de Mulieribus*, printed in Ferrara in 1497, and possibly the first illustrated Italian book to contain real portraits, was sold to an American private collector for £8,600, over three times the estimate.

A good, solid sale of Chinese export ceramics (works of art made in the 18th and 19th centuries in China for the European market) went according to plan at Christie's yesterday. Prices were around, or above, estimate and few items were bought in.

The top price was £6,300, just at the bottom of the estimate, for a large famille-rose dinner service painted with pears, pumpkins and vines among flowers. It was bought by the London dealer S. Marchant.

Among other good prices were the £4,410 (estimate £2,000-£3,000) by M. Hogg for a pair of 18th-century famille-rose figures of standing mules, 10 inches high, and the £2,730 from H. R. Hancock for a garniture of five blue and white vases. A rare famille-rose Aesop's Fable punch bowl fetched £1,785. A feature of the sale, which totalled £92,498, was the widespread international bidding.

One of the two copies of the American Declaration of Independence still in private hands comes up for sale on July 2 at Christie's. It is being sold by an American woman who is a direct descendant of the original recipient, John Steward of Goshen, New York.

This is one of 21 recorded copies of the first printing of the Declaration, printed in Philadelphia by John Dunlap in 1776. On the back is John Steward's signature. He was one of the leaders of the American party in New York and a supplier of arms to the Continental army.

The sale also contains a manuscript poem by the 14th-century English poet John Gower. It is the only known manuscript of his Balades, and is written in French. It was at one time the property of Henry VII. Among the musical scores up for sale is the original of Offenbach's *La Vie Parisienne*.

FILM AND VIDEO — BY JOHN CHITTOC

A titular problem in the quest for material

WITH WELL over 1,000 non-fiction, 16mm films being released every year in this country alone, at least one film on any subject you care to name probably exists somewhere in the world. The problem, of course, is to find it.

Film documentation has improved considerably in the past ten years, and notably so in Britain, which is the only country in the world to publish an ongoing index of non-fiction films as they become available (the British National Film Catalogue). Other catalogues exist in abundance — the British Institute of Management's book *Films for Managers*, the more recent *Know Your Training Films* (Quest Research Publications), *The Industrial Film Guide* (Kogan Page), and literally scores of specialised film catalogues and lists covering films available in specific subject areas.

Card index

The Slade Film History Register takes the documentation process even further by card-indexing sequences and shots within films. With something like 200,000 entries, the Register is a signpost to film held by archives and libraries all over the world and is a starting point for anyone seeking film extracts on anything of historical interest.

The outpouring of new film material, while increasing the choice for the user, is further complicating the process of finding films. The situation is further aggravated by the sometimes unhelpful titles chosen by sponsors and producers which may cause confusion in a search for suitable material.

Among recent releases, for example, is the Electricity Council's *What's On the Plate?* which sounds as if it could be about anything from electric cookers to world food problems (in fact it features a new centralised cook and freeze system for school meal services). The publicity material that came with another new film I have just seen does not even refer to it by a title at all. At the Press conference they called it "the Clipper film," which has nothing to do with sailing ships but is a new Thorn fluorescent tube light fitting. I have to confess a schoolboyish delight in a title like *Who Needs Brown Lisle Stockings?* but then I also have the key information that this is a film from ICI Fibres about school clothing.

The trend in recent releases, however, is firmly towards the training and management market, with plain, uncomplicated titles that no-one will misunderstand. *Profit by Risk Control*, for example, is the series title for RM EMI's joint venture of six films with Commercial Union Asurance. *Why a Secretary?* comes from the British Productivity Council, while the new Health and Safety Act has resulted in a 50-minute epic, *Health and Safety—the New Law*, from the Commercial Publishing Company and a BBC programme seen last Sunday morning and due for repeat on BBC-2 on July 7; this BBC contribution is available on hire or purchase in both film and videocassette versions.

No title

A new reference problem is the appearance of tape/slide programmes which often have no title as such. There have been several presentations about pension schemes, but the absence of title information guarantees that users will have great difficulty in tracking them down later. The most recent one I have heard of (which I was unable to see) comes from C. E. Heath Urquhart. Made jointly with Sound and Vision Systems it has no name at all. Imagine tracing a book without a title!

For the confused user, it is difficult to know where to start in a search for material. Experts in this field will often know that certain libraries tend to concentrate on particular subject areas—even particular styles of film. For example, Gateway Educational Media has a large range of films on basic educational subjects w[...] may often be of interest t[...] dustry as well as school[s be]cause they are adaptable. [...] latest is *The Story of We[ights] and Measures*, and there is a whole range of films a[bout] different countries. For s[...] mental health and human [prob]lems, the library of Con[...] Films is a certain sta[rting] point. For finance tur[n to] RM EMI: for management t[...]ing to Rank (although [there] are plenty of libraries in [the] field): for productivity, [of] course, the answer is the [Bri]tish Productivity Council, w[hich] maintains a large and impo[rtant] library of interest to both [em]ployers and employees.

Transfer

The British National [Film] Catalogue (at 81, Dean St[reet], London, W1V 6AA, teleph[one] 01-437 4355) nonetheless [re]mains the most important si[ngle] repository of film title info[rm]ation. But as this is a pub[lica]tion rather than a free phon[e] service, enquirers who thin[k in] terms of taking out a subsc[rip]tion will be more welcome [...]

Videocassette users will [find] that a growing number of [...] titles is also available in [the] main videocassette formats, [and] even if they are not listed [that] way, it is relatively easy fo[r a] library to supply a videocass[ette] transfer from most films.

One problem that will alw[ays] remain and indeed grow p[ro]gressively worse is the ma[tter] of duplicate titles. If you w[ant] the industrial relations [film] called *Dispute*, beware—th[ere] have been at least two of t[hat] name. There are three fi[lms] entitled *The Challenge*; cou[nt]less *Discoveries* and *Fronti[ers]* of various things; and scores [of] films with at least very simi[lar] titles. In May alone, Eve[...] Medical Products released *Ivi[...] venous Cannulation Techniq[ue]* and Sherwood Medical Ind[us]tries issued *Venous Cann[ula]tion*. The time has come, [no] doubt, for films to have Standi[...] Numbers like books.

TV Radio

† Indicates programme in black and white.

BBC 1

1.10 p.m. Digon o Ryfeddod. 1.35 Bagpuss. 1.50 News. 1.55 Wimbledon 1975. †4.23 Regional News (except London). 4.25 Play School. 4.50 Kim and Co. 5.15 Animal Magic. 5.40 Roobarb.
5.45 News.
†6.00 Nationwide.
6.15 Wimbledon 1975.
6.50 The Little House on the Prairie.
7.40 Sykes.
8.10 Sutherland's Law.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 News.
9.35 Rabin, Prime Minister of Israel.
10.25 Going Places.
10.55 Midweek.
†11.38 Regional News.

All regions as BBC 1 except at the following times:

Wales—5.15-5.40 p.m. Bilidowcar. 6.00-6.15 Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Cywain. 7.40-8.10 Dad's Army. 9.35-10.25 Miss Wales 1975 Beauty Competition. 10.25-10.55 Folk Scene. †11.38 News of Wales.

Scotland—6.00-6.15 p.m. Reporting Scotland. 10.25 - 11.15 Churchill's People followed by †Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.15 Scene Around Six. 10.25-10.55 Sounding Voices. †11.38 Northern Ireland News Headlines.

England—6.00-6.15 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth). 10.25-10.55 North (from Leeds) You Ought To Be In Pictures; North West (from Manchester) Ballad of the Northwest; North East (from Newcastle) Music Makers; Midlands (from Birmingham) Summer Fare; West (from Bristol) The Clifton Flasher; South West (from Plymouth) Peninsula; South (from Southampton) Freeman's Jazz; East (from Norwich) Newscue.

BBC 2

†7.20 a.m. Open University.
11.00 Play School.
11.25 Open University.
2.00 p.m. Wimbledon 1975.
7.30 Newsday.
7.45 Collector's World.
8.10 The Tribal Eye.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 International Match of the Day featuring the U.S. Open Golf Championship and Wimbledon Lawn Tennis Championships.
11.10 News Extra.
11.35 Closedown: John Westbrook reads "Dirge for Fidele," by William Shakespeare.

LONDON

10.55 a.m. Primitive Man. 11.45 Galloping Gourmet. 12.10 p.m. Elephant Boy. 12.25 Sally and Jake. 12.45 Hickory House. 1.00 First Report: News, plus FT index. 1.20 Lunchtime To-day. 1.30 The Taste of the South. 2.00 Good Afternoon. 2.30 World In Action. 3.00 Pathfinders. 3.55 Quick on the Draw. 4.25 The Flintstones. 4.50 How. 5.20 Shang a Lang.
5.50 News from ITN.
6.00 To-day.
6.40 Crossroads.
7.05 Tuesday Star Movie: "The Long Duel," starring Yul Brynner and Trevor Howard.
9.00 Party Political Broadcast on behalf of the Labour Party.
9.10 Edward The Seventh.
10.10 News.
10.40 The Mangling of the Middle Classes.
11.40 Checkmate.
12.10 a.m. Yellow Pages.

All ITV regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 3.00 Randall and Hopkirk (Deceased). 4.25 Wait Till Your Father Gets Home. 6.00 About Anglia. 7.00 Survival. 7.30 Mystery Movie: McCloud. 11.40 Reflection.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. †3.00 The Saint. 4.25 The Partridge Family. 6.00 ATV To-day. 7.00 Cartoon Time. 7.10 Tuesday Mystery Movie: Hec Ramsey. 11.45 What the MPs say.

BORDER

†1.25 p.m. Border News. 2.00 Houseparty. 3.00 Boney. 4.25 The Woody Woodpecker Show. 6.00 Border News and Lookaround. 7.00 Mr. and Mrs. 7.30 Cartoon Time. 7.35 Mystery Movie: Columbo. †11.43 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 3.00 Riptide. 4.25 Wait Till Your Father Gets Home. 6.00 Report at Six. 7.00 Curtain Raiser. 7.10 Mystery Movie: Hec Ramsey. 9.00 Life in France. 11.35 Visages de France No. 2.

GRAMPIAN

12.00 A Matter for Decision. 12.20 p.m. Bammy Hamster's Adventures on the River Bank. 1.20 Grampian News Headlines. 2.00 Houseparty. 3.00 Randall and Hopkirk (Deceased). 4.25 Skippy. 6.00 Grampian News. 6.10 Anna and the King. 7.00 Marc Time. 7.30 Cartoon Time. 7.40 TV Movie: Columbo. 11.40 Evening Prayers.

GRANADA

10.30 a.m. Spiderman. 10.50 It's Fun to Read. 11.00 The Magic of Music. †11.15 Morning Mystery. 12.05 p.m. A Big Country. 12.35 Mel-o-Toons. 1.20 This is Your Right. 3.00 Boney. 4.25 Wait Till Your Father Gets Home. †5.15 Chucklebeads. 5.20 Crossroads. 6.00 Granada Reports. 6.35 University Challenge. 7.00 Cartoon. 7.10 The Tuesday Movie: "The Mask of Sheba," starring Walter Pidgeon. 11.30 Wrestling.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.30 Byzones. †3.00 Danger Man. 4.25 The Osmonds. 5.20 Help! 5.25 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 The Protectors. 7.05 Winner Takes All. 7.35 The Tuesday Movie: "The Falling of Raymond," starring Jane Wyman.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.25-4.35 Miri Mawr. 4.35-4.50 Miri Mwy. 6.01-6.18 Y Dydd. 7.05-7.35 Sale of the Century. 10.40-11.25 Ar Brawf. 11.25-11.55 World in Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

SCOTTISH

1.25 p.m. Road and Weather Report. 2.00 Housecall. 3.00 Jason King. 4.25 Zigzag. 5.20 Kiri. 5.25 Crossroads. 6.00 Scotland To-day 6.30 Orson Welles Great Mysteries. 7.00 Cartoon. 7.10 Feature Film: "Great Catherine," starring Peter O'Toole and Jeanne Moreau. 11.40 Late Call. 11.45 Wrestling.

SOUTHERN

11.00 a.m. Yoga for Health. 11.20 Australia. 11.40 See It While You Can. 12.05 p.m. Skippy. 12.30 Hammy Hamster's Adventures on the Riverbank. 1.20 Southern News. 2.00 Houseparty. 3.00 Department S. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day by Day. 6.45 University Challenge. 7.15 The Tuesday Film: "House of Secrets," starring Michael Craig and Brenda de Banzie. 11.45 Wrestling. 12.30 a.m. Southern News Extra.

TYNE TEES

12.40 p.m. Starting Point. 2.00 House Party. 3.00 Department S. 4.25 Castaway. 6.00 To-day at Six. 7.00 New Who Do You Do? 7.30 Betty Boop (cartoon comedy). 7.35 McCloud. 11.25 What the MPs say. 11.40 Late News Extra. 11.55 Family Life.

ULSTER

1.20 p.m. Ulster News Headlines. 2.00 House Party. 3.00 The Pathfinders. 4.23 Ulster News Headlines. 4.25 Woody Woodpecker Show. 6.00 Summer Reports. 7.00 Bridget Loves Bernie. †7.30 Tuesday's Film: "Rembrandt," starring Charles Laughton, Gertrude Lawrence and Elsa Lanchester.

WESTWARD

11.30 a.m. Yoga for Health. 11.55 The Galloping Gourmet. 12.20 p.m. Around the World in 80 Days. 12.55 Gus Honeybun's birthdays. 1.20 Westward News Headlines. 3.00 Riptide. 4.25 Wait Till Your Father Gets Home. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.10 Mystery Movie: Hec Ramsey. 11.35 Westward Late News. 11.38 Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 3.00 Department S. 4.25 Castaway. 6.00 Calendar. 7.00 New Who Do You Do? 7.30 Cartoon Time. 7.35 McCloud. 11.25 What the MPs say. 11.40 Checkmate.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including new Top 30 discs and 12.30 p.m. Newsbeat. 2.02 Ed Stewart (S) also on VHF. 5.00 Newsbeat. 5.15 Alan Freeman: Youth Club Call. 7.00-12.33 a.m. As Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Simon Bates (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jean Challis (S). 1.50 p.m. Sports Desk. 1.55 Good [...]

[...] 2.10 Melody (S). 3.00 Music in Our Time Xenakis (S). 4.20 Brahms Sonatas (S). 5.15 Jazz To-day (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Study on 3. 7.30 Bournemouth Symphony Orchestra: Rimsky-Korsakov, Beethoven (S). 8.20 Jacob Bronowski in conversation (programme 9). 8.40 Concert, part 2: Sibelius (S). 9.20 Drama Now (S). 10.20 Gustav Holst and Philip Cannon (S). 11.10 J. C. Bach on gramophone records (S). 11.25 News.

Radio 3 VHF only—12.00-12.40 a.m. Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming To-day. 6.40 Prayer for the Day. 6.45 To-day including 6.50 and 7.50 VHF Regional News [...]

[...] Jacob Bronowski (as Radio 3). 8.40 Concert, part 2 (as Radio 3) (S). 9.20 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night. Radio 4's International Business Report: Market Trends. 11.15 To-day in Parliament. 11.45 News.

BBC Radio London — 206m and 94.9 VHF

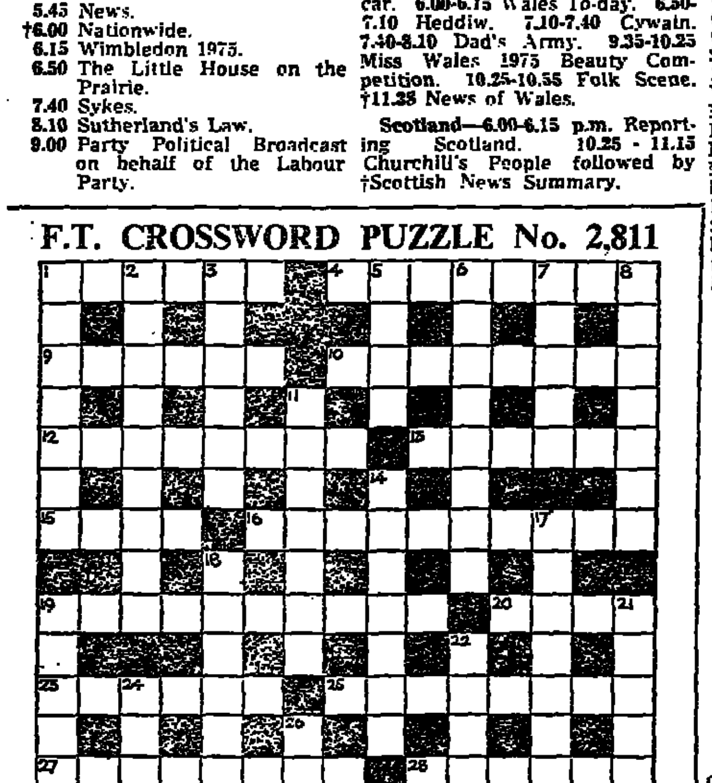
6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.03 Downtown. 11.02 In Town. 12.03 p.m. Call In—1. 12.34 London News Desk. 1.03 Call In—2. 2.03 206 Showcase. 4.03 Matter of Fact. 4.32 Home Run including London News Desk at 5.00, 6.00. 7.00 In Town. 8.00 Lobby. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00 As Radio 2 until closedown.

RADIO 3 — 464m, Stereo & VHF

London Broadcasting — 261m and 97.3 VHF

Capital Radio — 194m and 95.8 VHF

F.T. CROSSWORD PUZZLE No. 2,811



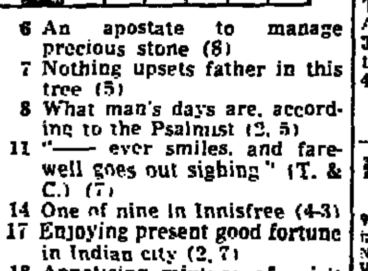
ACROSS

1 Dance for everyone in the Republican party (6)
4 Novel appearance of three in a Palestine village (8)
9 To include it in the tax shows lack of seriousness (6)
10 Social position may be the only room for a traveller (8)
12 Gentle oriental got married—how mouldy (8)
13 Beginning for instance she was a king's adviser (6)
15 One of a pair that lose heat when kept waiting (4)
16 Recent CIC's upset by those who refuse conformity (10)
19 Achievement of people in disgrace (10)
20 The girl is quietly a disaster (4)
23 Ensnare with a saw (6)
25 Once rich, now found in a coast-road (8)
27 Dilemma caused by nard upset in a wharf (8)
28 Fair amusements that entail loss (6)
29 Designation in the end makes you qualified (8)
30 Admits with little credit symbols of power (6)

DOWN

1 "And with its head he went —ing back" (Carroll) (7)
2 One's utmost seen in a smooth footballer (5, 4)
3 Start with the unfashionable crowd (6)
5 A good man must get up to account for his deeds (4)
6 An apostate to manage precious stone (8)
7 Nothing upsets father in this tree (5)
8 What man's days are, according to the Psalmist (2, 5)
11 "—— ever smiles, and farewell goes out sighing" (T. & C.) (7)
14 One of nine in Innisfree (4-3)
17 Enjoying present good fortune in Indian city (2, 7)
18 Appetising mixture of spirit and sex appeal (3, 3, 2)
19 Quite an obsolete turn (7)
21 In addition the tenure is satisfactory (7)
22 What Miss Bell was asked for (6)
24 Decree that brings a girl to court (5)
26 Drive a horse into the river (4)

SOLUTION TO PUZZLE No. 2,810



Washington theatre

The Arena Stage

by FRANK LIPSIUS

Because of the Kennedy Center for the Performing Arts, in the last few seasons Washington has been discovered as a theatre-going town and even a threat to New York "as the nation's cultural capital"—according to a half-facetious remark recently made in *New York Magazine*. Since opening in 1971, the Kennedy Center has been responsible for underwriting a number of productions that *later went on* to great acclaim in New York, including the British hits, *Absurd Person Singular* and *Sherlock Holmes*, which the head of the Kennedy Center, Roger Stevens, says "Without us, they probably would never have gone to Broadway."

Himself a displaced New Yorker and tireless campaigner for a *federally*-*subsidised* theatre years before the Kennedy Center was founded, Stevens can justifiably look back complacently on those days and recall. "Of course everyone said the same thing—that there was no *audience in Washington*. It just wasn't a theatre town." But the new centre, responsible as it has been for bringing attention and glamour of star-studded *opening* nights to Washington theatre life, is very much a latecomer compared to the 25-year-old Arena Stage, now past its 200th production as unquestionably one of—and probably *the*—finest *regional theatre* in America.

With 15 permanent actors as the nucleus of a professional company working simultaneously in two theatres; sets, costumes and props all made in their own workshops; and complete dependence on subscriptions and intermittent foundation grants, the Arena Stage has had the harder row to hoe. The financial difficulties have, if anything, increased with success because the Arena's ambitious and far-*sighted head*, *Zelda Fichandler*, decided on a new, purpose-built 800-seat theatre, which opened in 1961, and with capacity audiences assured there, built the adjoining 500-seat Kreeger Theater in 1971.

The Kreeger is presently showing Preston Jones's *The Last Meeting of the Knights of the White Magnolia*, a new play that gently mocks the pretences and declining fortunes of white supremist Southern groups like the Klu Klux Klan. The Knights of this play are a motley crew of lower middle-class Texans, comprised of a garage mechanic, grocer, salesman, and World War I veteran among the eight members of what we are assured *was* once a *mighty band of* rabid defenders of the Old South. The foibles and antagonisms of the little group all come out as the play cleverly begins in anticipation of a new member joining the secret society and thus giving the members hope that perhaps 1962 is not too late for a return to the old days.

The need for drinking companions or partners to play dominoes or sheer habit—the reasons the group has any members *at all*—are all *quickly* swept under the seedy carpet. Their near-forgotten ideals and code are just as quickly unearthed to impress the new member, a nose-picking ne-er do well who eventually shows the *cleverest of the old* members the level to which they all have sunk in their years of bickering, self-pity and unwillingness to perceive the changes going on outside their beautifully rendered claustrophobic meeting room on the top floor of a dilapidated hotel.

Directed with energy and a sharp focus on individuating the various members, the play moves confidently from sheer comedy to the surprising collapse of the group. *After* a hilarious slapstick initiation ceremony, the cleverest Knight, sardonically but sincerely played by Patrick Hines, realises the end has come, though it leaves the more dim-*witted ones with nowhere to turn* to preserve the last remnants of their self-respect.

The play was found in its first production in Texas and brought to the Arena by Alan Schneider, who is permanently associated with the company, though he is better known as the Broadway director of the plays of Beckett, Albee and Pinter. The intimacy of the Arena's contact with *its patrons* is evident in the programme, where Schneider explains how he *chanced upon the play* in Dallas (where the playwright was acting one of the parts) and how some quick work got the play to Washington ahead of the other Northerners who had heard about it by then too. Schneider's direction and the actors' portrayal of deep Southern red-*necks do justice to the play*-wright's skill at making a comic, telling tales of the changing South, and the play will no doubt be travelling farther north before long.

The Entertainment Guide is on Page 29

The larger Arena Stage is re-*viving The Dybbuk*, the Yiddish play by S. Ansky which has had numerous productions in America in recent years. The Arena itself is a large, multi-tiered concrete theatre-in-the round, a splendid modern building but one that would seem hardly suited to portray the confining poverty and insularity of a 19th century Polish Jewish *stetl* community. Gene Lesser's direction manages the feat with the generous use of religious candles against an otherwise blackened stage and careful orchestration of movement so that the whole community—some 30 actors on stage—makes the backdrop to the tragic story of a woman possessed by the spirit of her dead lover.

During his lifetime, S. Ansky was principally a folklorist and the play contains many allusions to great Yiddish teachers and tales. Some of these details are lost in the new adaptation by John Hirsch, which accommodates itself to the production's concentration on dancing, prayers and constant movement, but the *tragedy of the girl*, powerfully played by Dianne Wiest, comes out all the more strongly for its uniqueness in the midst of collective *stetl* life.

The Arena Stage sets high standards for American regional *theatre*, *combining the best of* professional acting and directing with close attention to the local audience. Besides outstanding productions, its public workshops, newsletters and appealing programmes have *created* an audience, for which the Kennedy Center and so New York too have a lot to thank them.

Agnew's

Old Masters

by DENYS SUTTON, Editor of Apollo

One intriguing feature of the Renaissance exhibition *at the National Gallery* is the way in which it stimulates speculation about the problems connected with artistic relations between countries. It so happens that one of the most unusual paintings in the exhibition at *Agnew's*, which closes on July 4, is germane to this problem, so far as it relates to those obtaining between Italy and Flanders.

The effect which Flemish portrait painting had on Florentine art is shown by the *Portrait of a man with a ring*, which comes from the Corsini collection, Florence and has been extensively discussed over the years. It has been given to Botticelli, Antonello da Messina, Botticini and both the Pollaiolo brothers in turn. Now it is attributed to Filippino Lippi, an ascription which has much to commend it, for the portrait possesses *just that touch of* neurosis which can be found in this artist's work.

The psychological searching which marks the picture is accompanied by a refusal to shirk the depiction of ugly *details*, such as the tuft of hair sprouting on the face. It seems likely that it is one of a pair of marriage portraits. What about the pattern on the ledge? *How* can this be interpreted? The arguments about its meaning are too complex to paraphrase here, but it may well be that the pattern signifies that the sitter was an architect. This is *a tempting* idea and, if so, who was he?

A no less handsome portrait is that of the man with a falcon, which has likewise aroused discussion as to its authorship. When last exhibited at Agnew's, *it was attributed to Sebastiano* del Piombo. Now, however, it is given to Niccolo Dell' Abate, an Italian who became one of the leading masters of the cosmopolitan school of Fontainebleau. It is a noble picture. The *artist has learnt much from* others, notably Parmagianino, not that this has prevented him from catching a mood, one of nervous disquiet, and from painting the bird with brilliance.

Portrait painting is well shown in this exhibition. Rubens is represented by a powerful portrait of Henri Lancelotz, a *notable member of the* Augustinian Order, which was painted shortly after the master's return from Italy in 1608. The sensitivity of the withdrawn features is complemented by the refined painting of the hands.

A more frivolous note is struck by Giandemenico Tiepolo *in his Girl with a Mandoline*. This is not a portrait from life, but one of those "teste di fantasia," which attracted patrons during the artist's time in Spain (1762-70). The handling of the paint has a vivacity which *admirably accords* with the theme.

Lawrence's success in Paris is well known. Few French painters of his day had his skill in conveying feminine charm. One of the most appealing pictures on view is his portrait of the Duchess de Berry shown in a charming decolleté dress and an entertaining hat with a vaguely Scottish air. This painting makes us understand the reasons that prompted American collectors to buy *18th- and early 19th-century* England portraits. This particular picture was once owned by John D. McIlhenny, of Phila-*delphia*.

Philipinno Lippi: "Portrait of a man with a ring"

The vagaries of taste are well illustrated in the Agnew exhibition. It includes, for instance, Mattia Preti's *The Feast of Absalom*, one of a pair painted for Don Antonio Caputo. The *excellent note in the catalogue* underlines that this Neapolitan artist achieved some of his most successful dramatic effects in painting violent subject matter. The love of violence, much discussed in our time, is no new thing!

The exhibition includes two paintings by Poussin, an enchanting *Rest on the Flight to Egypt*, by an artist close to Joos van Cleve, in which the landscape has a touch of Patenier's *mystery*; *and a Battle of the Lapiths and Centaurs*, by Jordaens. The last-mentioned painting, which is clearly under the influence of Rubens, again celebrates the theme of violence. For those who prefer quieter art, *a look at Louise Moillon's superb Basket of Fruit* may be recommended.

Many of the paintings are "*gallery size*" but *others are* for the private collector (soon to be a fond memory in this country), such as Potter's exquisite *Wood outside the Hague*, which helps to explain this artist's appeal to such critics at Fromentin. Another delightful Dutch landscape is Cuyp's *Sunset after the Rain* which Roger Fry considered "a gorgeous thing."

One magical work is Guardi's *View near Venice* which brings *out his proto-romantic spirit*. Its dark tonalities suggest that this sort of painting may have meant more to Sickert than is realised.

Lovers of London will be fascinated by the two views of the Thames by Antonio Joli, who *came to this country two years* prior to Canaletto, and by Samuel Scott's magnificent *Thames at Westminster*. This show, in fact, offers work of art for many different tastes.

Kinsman Morrison Gallery

Juke boxes

by WILLIAM FEAVER

It's a bizarre spectacle, not unlike a Daleks' coven or a Brighter Laundromats convention. Fifteen juke boxes, ranging in age from five to 40, have been assembled in the Kinsman Morrison Gallery, Maddox Street, priced at anything up to £2,000 and set to work one by one. Nostalgia is rife, and at the drop of a dime (or, rather, the flick of the controller's switch) the decades roll back and memories cluster. Or so it seems. Actually I cannot quite imagine the two girls from Vogue and the Sotheby's gentlemen who were delighting in them when I was there ever having shook or rock' n'rolled or jitterbugged in their heyday *to such essentially vulgar* transport café and coffee-bar machines. Yet now they are chic. Not only that they have come to appear adorable and a good investment, they amount to time machines, desert island discos.

Juke boxes are not what they were. The mighty Wurlitzers have gone transistorised. Where once the cabinet dominated its site all you tend to get these days is a little box on a wall and a stack of cassettes. So the record choice is no longer implemented with a dramatic display of robot mechanics, with the disc sliding out of the stack, the pick-up arm descending, the preliminary rumble, hiss, crackling and then that brief, glorious splurge of music.

A juke box had to have the allure of an Odeon or a fruit *machine*. It was a bit of both. Hence the bubbling lights around the frame of the Wurlitzer 1015, the mirrowing on the AMI Model A *of 1947*.

The styling had to reflect the music within. So the chrome and plastic equivalents of trombone, bass guitar and Brenda Lee were perfected. There was intense competition among the manufacturers so the turnover in looks was rapid. The earliest model in the exhibition, the Mills Express of 1935, looks pretty restrained, with its wooden casing and plastic trim. But after that the glamour proliferates. The speakers flower, shelter behind sunburst, tiara and dodgem grilles. The observation windows take on a domed splendour—they must have served as the inspiration of most of the places Dan Dare used to come across in *the worlds of Treens and Mekons*—and even the manufacturers' trademarks become altogether splendid. The "Rockola Rocket," the "Seeburg Classic Symphonola," live up to their names.

Like household appliances and *other electrical goods*, juke boxes were designed to create appetites as much as to satisfy expectations. So the excesses that offend those who believe in functional design are, in fact, strengths. The airs of amusement arcadia, the dazzle and general chrome fury all combine to prance beyond the confines of taste. Switched off they are *nothing*. But with the lights up, the bodywork live, a smell of warmed plastic, an impression of cogs ready to engage, pick-ups to perform, the Filbers, Seeburgs and Wurlitzers become flash shrines, each one the repository of 24 or so musical options.

Juke boxes are at the Kinsman Morrison Gallery until June 29.

Arts news in brief

The fifth International *Jazz* Festival of Dendermonde, Belgium, will beld on September 5 and 6 next. Among the musicians already signed are American tenor-saxist Bud Freeman, Max Collie's Rhythm Aces from Britain, *blues* guitarist Mickey Baker, a Czechoslovakian big band, a Polish New Orleans band and, hopefully, topping the list of attractions, either Fats Domino or Roosevelt Sykes.

The festival takes place at Rijbaan Piet, *Gentsesteenweg*, Dendermonde. Entrance fee is BF150 (in advance) or 250 on the day of the festival. Enquiries to Jean-Pierre De Donder, Donckstraat 67, 9330 Dendermonde, Belgium.

★

John Williams has had to cancel two of the master classes he was to have given at the Cheltenham International Festival of Music, on July 7 and 8. Mr. Williams will *now* be giving an "Introduction to the music of Augustin Barrios Mangore," at 2.30 p.m. at Shaftesbury Hall, on Wednesday July 9, followed by a recital at 8 p.m. at the Town Hall on July 9. He will still give a master class at 2.30 p.m. on Thursday 10, at the Shaftesbury Hall.

★

A 13-programme series, *Noël—The Life and Times of Sir Noël Coward is to be broad*-cast by BBC Radio 2. The Master's career will be recalled through his own words and music and in the reminiscences of those who shared with him half a century of *entertainment*.

Each one-hour programme will be written and presented by Sheridan Morley, author of the biography of Sir Noël, *A Talent to Amuse*—which is also the title of the first episode of the *Radio 2 series to be broadcast* on Sunday, June 29, at 2.30 p.m.

★

Lion International Films' *Conduct Unbecoming* will represent Britain as an invited entry at the 1975 San Sebastian *Film Festival* during the week of September 15. Michael York, Richard Attenborough, Trevor Howard, Stacy Keach, Christopher Plummer and Susannah York head the cast.

Aldeburgh Festival

Closing week-end

by GILLIAN WIDDICOMBE

Aldeburgh ended yesterday, in its inimitable way, with a Jubilee Hall evening of "Miss Jane Austen at home" in which I presume the words "you have delighted us long enough" finished the 1975 festival.

But for those already at home or delighted, Aldeburgh's most apt and brave *ending* was Sunday night's adventure in Framlingham Castle. (Aldeburgh invariably despatches its visitors *all* over the Blyth valley triangle, but is not normally an *outdoor* festival.)

However, *Framlingham* proved the ideal venue for the resurrection of Beethoven's "naive and noisy" Battle Symphony, otherwise known as *Wellington's Victory*, with fireworks apparently provided by the Suffolk Coastal District Council.

While the sun went down, the Kneller Hall military band (half of it, rather, since the full array would have taken the castle ruins by storm), passed the time with a mixed bag ranging from a horrid, tootling arrangement of Chabrier's Spanish Rhapsody to Holst's excellent E flat suite. This last was conducted by Imogen Holst, *very precisely and* rhythmically bringing out the imaginative colouring of Holst's military band scoring. (I wish they had also played *Hammersmith* in its original band scoring.) It was interesting to *note that the Kneller's characteristically fizzy* playing—due to fanfare trumpets setting the tone colour for the entire brass family — was considerably damped down while Miss Holst was conducting.

Wellington's Victory was victoriously served. A silly piece, certainly—though not unreasonably, *since Beethoven only wrote* it for Mälzel's mechanical orchestra, the Panharmonicon, which he evidently took less seriously than the Royal Philharmonic Society (had Boothoven been as fluent and humorous as Mozart, this occasional "symphony" might have reached the same elegant level as Mozart's pretty pieces for glass harmonica, or his sturdy fantasies for mechanical organ.) However, the Framlingham adaptation cleverly filled the rubbishy bits with *covering* fireworks —which in the high wind, flared angrily—and left both sections in which some symphonic development takes place to speak for themselves. The naive rendering of the opposing national anthems was effectively filled in by the band's in procession, with fanfares sounding from high on the castle walls, where a few of the extraordinary Tudor brick chimneys survive, perched like candles.

Sunday afternoon was also less solemn than usual, with *Hiawatha's Wedding Feast* at the Maltings, affectionately performed by the Aldeburgh Festival Singers and the English Chamber Orchestra, conducted by Peter Aston. At the age of 75, *Hiawatha's Wedding* comes back strongly even without warpaint, feathers, Sargent and the Royal Choral Society.

How garrulous and endearing Coleridge-Taylor's melodic invention! How appealing his simple phrase-repeating! (Each item appears at least three times, with the result that every sequence sounds like a good tune even when it's less than Schubertian). How happy and warming, this Anglican Puccini idiom, in which one strong down-beat harmony invariably dominates the line! And how artful the scoring, with basses doubling voices while wind and strings provide descant backgrounds! And perhaps less patronisingly how remarkable to hear a narrative tale that sustains interest purely as a straight-forward through-composed choral *setting of picture-book poetry*.

Aldeburgh's only mistake, that afternoon, was to tackle Purcell's long ode, *Hail, bright Cecilia!* Their Purcell is to be avoided, I reckon. Peculiar editions, and thin mezza voce tone, suggesting that each soloist's throat is tightly secured by a piece of string. Peter Aston's awkward conducting did not help the situation.

Saturday was a serious day. Peter Pears was in strong voice in the afternoon and sang two Britten song-cycles, *The Poet's Echo* and the *Hölderlin Fragments*, with Murray Perahia. The fanciful Pushkin settings (sung here in Mr. Pears's English translations), make a good counterbalance to Britten's rather severe German songs. But Murray Perahia, who has this year become Aldeburgh's favourite pianist, stole the afternoon. His Britten's accompaniments were ardent and haunting, but his performance of *all* the Chopin preludes did most to identify his musical relationship to Britten as pianist.

Britten, who was present at a number of concerts this year but not, of course, participating, was *master of pianissimo colour*; and so is Perahia. A soft phrase made tender without undue rubato; delicate timing, and the quiet hardness of minor key melodies; all remarkably similar to Britten's own playing on such memorable occasions as the *Winterreise*.

On Saturday evening, the Maltings played hosts to the *Chamber Music Society of* Lincoln Center. There was a distinctly New Yorkish flavour in the evening, particularly in the brisk, rigidly brilliant playing of a Vivaldi G minor Trio. Their performance of Mendelssohn's B flat String Quintet was smooth, lyrical, and strangely unmemorable.

Music notes . . .

Jingles from television com-*mercials are to be performed in* concert by the Royal Philharmonic Orchestra. Special orchestrations will be arranged to bring out the best in the music and utilise the full talents of the Royal Philharmonic Orchestra as one of the highlights of *Filmharmonic '75* at the Royal Albert Hall on October 18.

The *Filmharmonic* concert is one of the major show-business charity evenings of the year and proceeds will go to the Cinema and Television Benevolent Fund, the industry charity which presents *Filmharmonic* each year.

★

A three-week appearance by the avant-garde pianist Cecil Taylor and his trio *highlights* the summer season of attractions at *Ronnie Scott's Club in Soho*. Taylor begins his first residency at the club on Monday August 4.

This week folk guitarist Bert Jansch begins a week's stay, with Irish guitarist Louis Stewart and his quartet as the second featured group.

On June 30 for two weeks American trumpeter / flugelhornist Clark Terry will appear and on July 14 for one week Alex Welsh and his band and John Bennett Big Band will be at Scott's. The week of July 28 sees the debut at the club of American organist Shirley Scott.

★

The winner of the Second Ian Whyte Award is Colin Matthews, with his Fourth Sonata. It has been *announced* by the Scottish National Orchestra. The work was *unanimously* selected by a jury consisting of Martin Dalby, Alexander Gibson, Kenneth Leighton and Fredrick Rimmer from a total of 30 entries submitted under pseudonyms by British composers.

The Ian Whyte Award consists of a cash prize of £500 presented through the Scottish National Orchestra by an anonymous donor, together with a number of performances of the winning entry by the Orchestra.

★

Carl Pini, co-leader of the English Chamber Orchestra since early last year and leader of the Philomusica Orchestra for seven years, has been appointed leader of the New Philharmonia Orchestra.

WORLD TRADE NEWS

Japan may examine steel industry export prices

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 23.

THE JAPANESE Ministry of International Trade and Industry is planning to conduct hearings on the prices at which Japanese steel is being exported to Europe, according to industry sources here.

The MITI move, which could be followed by some form of administrative guidance to the steel industry, follows talks here last week between Japanese officials and a mission from the European Coal and Steel Committee (ECSC) at which the European side expressed anxiety about excess competition in the field of steel exports. The ECSC has a pricing code designed to prevent undercutting which it might like to see adopted by Japanese exporters.

Japanese steel exports to Europe rose rapidly in the first quarter of 1975 following the expiry at the end of 1974 of a three-year voluntary restraint programme on exports to the EEC.

Exports to the Nine amounted to 64,000 tons in January but rose to 155,000 tons in February and to 253,000 tons in March. The total of 472,000 tons for the first quarter represented a 68 per cent. increase on a year earlier. No exact information is available on prices during that period, but it is known that the global average levels of prices for Japanese steel exports fell sharply in the early months of the year.

Export prices for heavy plate, for example, dropped 11.6 per cent. between December 1974 and January 1975, while declines during the same period for hot and cold rolled sheets were 14 per cent. and 14.7 per cent. respectively.

European concern about Japanese steel export competition follows two years in which Japanese shipments to the EEC fell considerably below levels set by the steel industry's voluntary restraint programme.

Last year, according to figures published by the Japan Steel Exporters' Association, the enlarged EEC took 1.09m. tons compared with the voluntary restraint ceiling of 1.65m. tons For 1973 exports were 1.28m. tons, compared with the ceiling of 1.45m. tons.

Part of the explanation for the low level of Japan's exports to Europe last year was the very strong demand, and high prices, in other markets such as South East Asia.

The phasing out of the voluntary restraint system was agreed at a meeting in Paris last October between the Japanese steel industry and its European opposite numbers, but shortly after that Japan's interest in the European market started to increase.

Steel industry sources here in Tokyo attribute the spectacular increase in shipments during the first quarter to the need to maximise foreign earnings in advance of the March deadline for the settlement of annual accounts. Another reason may have been the drying up of demand for Japanese steel in other markets, including South East Asia.

Although Japan's steel export prices may be low from the point of view of the European industry, they are high compared with the domestic price level. The steel industry claims to be operating at a loss so far as the domestic market is concerned, and is trying to get its major customers to agree to price increases of up to Yen 12,000 (£18) per ton. By contrast, exports apparently remain profitable even allowing for the reduction in prices from the peak levels of late last year.

The main problem for Japan, so far as exports are concerned, seems to be the rapid shrinkage of demand in some of its key markets following the boom conditions of last summer and autumn. As a result shipments of carbon steel during the second quarter of 1975 are officially estimated to reach only 6.1m. metric tons, or 30 per cent. less than the figure for the same quarter of 1974.

Israel to market Kfir fighter

By Our Own Correspondent

TEL AVIV, June 23.

ISRAEL HAS decided to sell its new $4m. Kfir jet-fighter interceptor abroad. Each prospective deal will be subject to advance approval by the Cabinet.

The decision follows an unexpectedly enthusiastic response by prospective buyers at the recent Paris Air Show, even though the aircraft was not displayed there, according to the Government-controlled Israel Aircraft Industries, manufacturers of the Kfir.

The aircraft is the cheapest (accessories excluded) of the new line of dual-purpose fighter jets now available globally, and its saleability is understood to have improved considerably following the loss by France of orders for the Mirage F-1E.

Swiss National Bank currency intervention exceeds £700m.

By John Wicks

ZURICH, June 23

THE Swiss National Bank's latest monthly report says foreign-exchange interventions by the bank beween the start of the year and mid-May were equivalent to Sfrs.4bn. (£709m.) weekly. Reports published in June have indicated that further, unspecified sums have been involved in interventions since then.

The bank stresses, however, that its foreign-exchange reserves have hardly altered during the course of the year because of divestment of foreign currencies in connection with conversion obligations for capital exports.

At the same time, swap facilities granted to the Swiss banks totalling nearly Sfrs. 1.6bn. (£283m.) were dissolved. All in all the bank states, its foreign-exchange market operations have led to no increase in inflation over the past five months.

The trade-weighted Swiss-franc revaluation, as measured against exports to 15 major foreign markets, had reached 40 per cent. by mid-May, 1975 compared with the position on May 5, 1971. In mid-June 1975 the revaluation rate is one of 39.2 per cent.

As of June 13, foreign-exchange reserves of the Swiss National Bank totalled Sfrs. 9.77bn. (£1.73bn.) and gold reserves Sfs.11.89bn. (2.11m.), compared with a Swiss banknote circulation of Sfrs.17.15bn. (£3.05m.).

Peak cotton shipments by Pakistan

By Iqbal Mirza

KARACHI, June 23.

THE Cotton Export Corporation has reported record sales valued at rupees 1.85bn. (£101m.), well ahead of the ending of the current season. The figure is reported to be the second best since the Korean war boom period, when Pakistan exported about 1.6m. bales of cotton, compared with 4m. bales exported so far this year.

Taking into account local industry requirements until the new crop arrives some time in September, and purchases by the textile industry, which stood at 1.7m. bales up to April 30, out of total production of over 3.5m. bales it seems the entire exportable surplus has been committed.

The corporation has arranged to sell another 700,000-900,000 bales in case mill demand slows down for some unforeseen reason.

Tariff concessions sought at Geneva trade talks

BY DAVID EGLI

GENEVA, June 23.

A WIDE RANGE of tropical products in raw, semi-processed and processed form has been submitted by developing countries to the sub-group of the Trade Negotiations Committee co-ordinating the multilateral trade negotiations here.

Requests for concessions covering some 300 different tariff items — ranging from coffee, cocoa, tea and oils to spices and tropical woods—were received from 15 countries. More requests are expected in the next few weeks, and it has been agreed that intensive consultation between participants in the group should now take place to clarify the specific requests and allow the industrialised countries to formulate initial responses.

The consultations will be conducted mainly on a bilateral basis, with the next meeting of the sub-group scheduled for October to review the overall situation.

A GATT spokesman has indicated that of the requests so far received about 1,700 concerned the reduction or elimination of tariffs. Another 200 were related to the alleviation of internal taxes in the importing countries, while 160 concerned import restrictions such as health and sanitary regulations and packaging requirements.

Bangladesh export target in sight

BY OUR OWN CORRESPONDENT

DACCA, June 23.

BANGLADESH HAS exported Taka 2.58bn. (£86m.) of goods during the first ten months of the 1974/75 financial year, or £3.33m. more than a year earlier.

A Ministry of foreign trade spokesman said the government hopes to achieve the £111m. export target in 1974/75. It would mean exports in May and June would have to reach £25m. Hopes of achieving the target were based on the sudden export boost of jute and jute gods during May and orders for June.

Shipments of raw jute and jute goods alone accounted for £7m. in the 10 months to April 30.

Britons will have a chance to buy Bangladesh pineapples and fresh lemons when the first consignment of those fruits are shipped to London this week. It will be the first time that Bangladesh has sold citrus fruits on the world market. The Bangladesh Export Promotion Bureau says a London fruit importer has signed a contract with a Bangladesh supplier for the regular shipment of such fruits.

Export Contracts

TAC CONSTRUCTION MATERIALS (Turner and Newall) will suppy asbestos-cement pipes worth £1.2m. to the United Arab Emirates for a new water main system for development of Sharjah.

PRIESTMAN BROTHERS will supply three Lion crawler-mounted cranes worth £200,000 to two French companies.

HEPWORTH IRON is supplying vitrified clay conduit costing £280,000 for the Port of Damman, Saudi Arabia.

DELTA CONTROLS, Surrey, will provide electronic monitoring and control equipment costing £25,000 for three chemical plants being built in China by French contractor Heurty.

PYE UNICAM has sold scientific instruments worth £92,000 to the U.S. following a private exhibition at Moscow.

Contracts Abroad

KYOHOTSUSHO KAISHA, Japan, will build two pile-driver ships and four crane ships costing Yen.5.5bn. (£8.2m.) for the Soviet Union, for 1977 delivery.

ITALTEL (SIT-Siemens subsidiary) has an L.8bn. (£5.63m.) order from Embratel and Teleming, two Brazilian concerns, for electronic equipment. No details have been given.

IN BRIEF

EEC and textiles

EEC has suggested that "non-sensitive" exports of textiles from Hong Kong to the EEC should be included in the European Community generalised special preferences scheme. It provides that certain items can be exported to the EEC either at very low or zero tariffs. The proposal is not related to current EEC-Hong Kong talks on self-limitation by Hong Kong of cotton exports to the EEC. Unofficial indication of "non-sensitive" covers cotton blankets, silk, yarn, tapestry, felt and neckties.

ECGD scheme

Export contracts of a minimum value of £2m. will come within the ECGD performance bonds scheme instead of the former minimum of £20m.

Bangladesh trade

Goods worth £4.2m. will be exchanged between Bangladesh and Czechoslovakia during 1975/1976 under a barter agreement, the third between the two countries. Czechoslovakia will export machinery, irrigation pumps, chemicals and pharmaceutical raw materials in exchange for raw jute, jute products, leather, tea, paper and newsprint.

Wool for Poland

Gollin Holdings and Textilimpex, Poland, will form a Polish-Australian joint venture, Gollin-Textilimpex Pty. to control buying of Australian wool for Poland in Australia. Products to be distributed by Gollin-Textilimpex will be mainly cotton and linen piece goods, including lace and finished goods. Existing agents will continue as sub-agents.

EEC-Mexico trade

A non-preferential trade agreement will be signed shortly between the EEC and Mexico, in line with those concluded since 1972 with Argentina, Brazil and Uruguay, and that under negotiation with Paraguay. A Joint Commission will aim to remove trade barriers and assist expansion.

Ford cars in Egypt

Ford Motor has offered to set up a $400m. car assembly plant in Egypt, Cairo reports state. Ford would also make diesel engines in Egypt. Egypt has opened discussions with the Arab League on lifting the boycott on Ford imposed 12 years ago.

Dubai aluminium

Southwire Corporation, Atlanta, will join British Smelter Constructions in an aluminium smelter project in Dubai. The plant is expected to cost £150m. and have an eventual annual output of 120,000-150,000 tonnes. Southwire will provide technology.

AMERICAN NEWS

New bid to end U.S. arms embargo on Turkey

BY PAUL LEWIS, U.S. EDITOR

WASHINGTON, June 22.

THE FORD Administration stepped up its pressure on Congress to-day to end the embargo on arms deliveries to Turkey imposed after the invasion of Cyprus, and forestall Ankara's plans to retaliate against American bases in Turkey.

This morning President Ford held another private meeting with thet small group of Congressmen—many of them of Greek extraction—who have masterminded the successful embargo campaign, and which is led by two liberal Democrats, Mr. Paul Sarbanes of Maryland and Mr. John Brademas of Indiana.

Afterwards, Mr. Brademas told the Financial Times that no agreement had been reached, but that he expected efforts to find a solution would continue. He suggested that the Turkish threat to retaliate against American bases might have strengthened support for the embargo in the House of Representatives, and he stressed the plight of the 180,000 Greek refugees on Cyprus, saying that the Turks had shown no inclination to help them.

But while to-day's meeting has not produced any discernible progress towards resolving the dispute, it has at least provided eloquent testimony to the seriousness with which the Administration now takes the quarrel over military aid to Turkey—especially, since the Ankara Government set a deadline for changing "the status" of the American bases there if the embargo was not lifted.

'Slow' Chile banks resale

BY HUGH O'SHAUGHNESSY

CHILEAN BANKING, which was largely nationalised under the Allende government, should be returned promptly to private hands, says the current number of Qué Pasa, the conservative Santiago news weekly.

Since the overthrow of Allende in September 1973 no nationalised bank has returned to private proprietorship, the weekly claims. The Junta has decreed that no company shall acquire more than 3 per cent. of any bank share and no single individual more than 1 per cent. Resale operations are proceeding slowly.

In a further move against the foreign Press, the Junta has banned Miss Joanne Omang, the Washington Post's South America correspondent, from reporting from Chile for "manifestly distorting Chilean reality"

FNC group loan to Argentina

BUENOS AIRES, June 23.

FIRST NATIONAL City Bank of New York (Citibank), heading a consortium of American banks, has signed a letter of intent with the Argentine Government to provide $250m. in loans to help debt-ridden state development projects.

It was the second major vote of support given by foreign institutions to Argentina since President Isabel Peron's Government decreed drastic belt-tightening measures this month to fight rampant inflation.

Eight foreign car producers, including Ford Motor Company, General Motors Corp and Chrysler-Fevre, agreed last Wednesday to postpone $500m. in payments for imported materials over the next two years. AP-DJ

Trans-Alaska pipeline cost rises

By Guy de Jonquieres

NEW YORK, June 23.

THE ESTIMATED cost of constructing the 800-mile trans-Alaska pipeline has risen again to almost $6.4bn., and the consortium of oil companies involved in the project has said that it cannot predict with certainty how much the final cost will be.

The new estimate is almost $500m. higher than the last forecast of $5.9bn. issued last October. It is also seven times bigger than the original estimate of $900m. made in 1969, though plans for the pipeline have been modified since then to provide for enlarged initial capacity of 1.2m. barrels per day.

The brunt of the construction costs will fall on British Petroleum and its U.S. sister company, Standard Oil of Ohio, which together own 54 per cent. of Alyeska, the pipeline consortium.

Mercenary recruitment probe

WASHINGTON, June 22.

THE U.S. Government is probing the recruitment of Americans as mercenaries to fight in Rhodesia, a State Department spokesman said to-day. He said that a recruiting drive was being conducted through gun enthusiast magazines by a man named Robert Brown in Boulder, Colorado.

Information about the recruitment has been passed to the Treasury Department, which monitors violations of trade sanctions against Rhodesia, and to the Commerce Department, to find out whether Mr. Brown has violated laws dealing with the registration of agents of foreign powers, the spokesman said.

Reuter

Recession 'almost over'

WASHINGTON, June 23.

PRESIDENT FORD'S top economic adviser has said that the recession "for all practical purposes" is over, and predicts that unemployment figures will begin dropping gradually after the summer.

Mr. Alan Greenspan, chairman of the Council of Economic Advisers, said on Sunday that unemployment should fall to about 8.5 per cent. by next January and 7.5 per cent. by the end of 1976. This still would be unacceptably high, he said, but recovery must proceed slowly to avoid more inflation.

"The recession for all practical purposes is over," Mr. Greenspan said in a broadcast interview. "I do not think we have yet started into the next phase, which I would consider an upswing, but clearly that is the area into which we are basically moving." UPI

● ECONOMICS Minister Hans Friderichs has been pleasantly surprised during his U.S. trip by the optimism of American economic officials, the newspaper Die Welt said to-day.

In a Washington-datelined story, Die Welt said Mr. Friderichs told German reporters that his talks with U.S. officials such as Treasury Secretary William Simon and Federal Reserve Board chairman Arthur Burns gave him the impression that the U.S. was ahead of Germany in the fight against recession.

These conversations indicated that the "thirsty stretch" lies behind the U.S. economy, that an economic upturn will begin in the third quarter and that U.S. GNP will grow 6 to 7 per cent. in real terms in 1976, Die Welt said. AP-DJ

GOVERNOR BROWN'S CALIFORNIA FARM LAW

A political harvest

BY ART GARCIA, IN LOS ANGELES

AFTER a violent and sometimes bloody decade, California's $10bn. a year agricultural industry finally has a farm law that offers the hope of peace in the State's fields. But now that Governor Edmund Brown Jr. has accomplished a reform of farm labour legislation, he faces the difficult job of making the complex compromise measure work. If there are snags, there could be more confusion and conflict ahead between growers and their field workers.

Under the new law, which becomes effective on August 29, farm workers at last will have the right to choose by secret ballot the union that is to represent their interests, a right which most other American non-farm workers have ejoyed since 1935. Current contracts to represent may be voided by secret ballot; and secondary boycotts, such as those used by Mr. Cesar Chavez and his United Farm Workers of America will be allowed only if the union concerned has won recognition in an election. Harvest time strikes will be permitted, except jurisdictional strikes between rival unions.

Mr. Brown, a 37-year-old Democrat, pulled off in six months what his predecessors, Mr. Ronald Reagan, and his own father, Mr. Edmund G. (Pat) Brown, failed to do during their total 16 years in office. He may reap a bountiful political harvest —if the new law works. Some leading politicians already are calling the compromise agreement that led to the farm legislation a major achievement significantly boosting Governor Brown's potential as a contender for the 1976 Democratic nomination for President or Vice-President.

The real test will come after August 29, when the new Agricultural Labour Relations Board created under the Farm Labour Act comes into existence. Mr. Chavez's UFWA and the rival Teamsters are expected immediately to request showdown elections for the backing of field workers in areas that have been past scenes of conflict between them. California table grape growers have made a nationwide plea for Mr. Chavez to call off his boycott of their grapes now that the State's farm bill has become law, but the UFWA says the boycotts will continue and not end "until our people are back at work."

The UFWA says there will be no let-up boycott until it wins secret ballot elections as provided for in the new law and signs valid contracts with growers. Some of the first union representation balloting will cover lettuce farms in the Salinas and San Joaquin Valleys and table grape vineyards where some early crops already are being harvested in the Coachella Valley. Mr. Chavez's boycott pressured many table grape growers into signing UFWA contracts in 1970 but in 1973 the union lost most of its contracts to the Teamsters. Another of the Mr. Chavez's early challenges will be to the Teamster' contract with E. and J. Gallo, the world's largest winery. If the UFWA wins, its nationwide boycott of Gallo wines would be called off; if it loses, then under the new farm law the boycott should also end. The question is how easily Mr. Chavez would surrender in his battle with Gallo.

The road ahead is also made uncertain by the political and social sensitivities to be considered in the work that remains between now and August 29. Legislators, growers and union leaders, for example, will be closely watching Mr. Brown's appointments to the new Agricultural Relations Board since members—who must be confirmed by the California Senate—will determine which workers are eligible to vote in each of the union representation elections.

> "If there are snags, there could be more confusion and conflict ahead between growers and their field workers."

If it all works, however, Mr. Brown will have polished his national political image. He was unusually active in support of his Farm Bill, promoting it in meetings with clergy groups, labour leaders, and state officials. The effort paid off in his second major legislative victory in a month. The first was the approval given to his plan to end California's oil depletion tax allowance for major oil companies, a Bill which the Governor has signed into law and which will add $43m. a year to the state treasury. "He cracked the toughest nut around with the Farm Bill and if he can solve the medical malpractice problem in the state he's going to be looking very good for next year," says a California senator about prospects for a bid at next year's Democratic Presidential nominating convention.

Still, many clouds remain over California agriculture, the state's number one industry. The results of a mechanisation over the past decade are clearly evident: the nation's farm production is up nearly 25 per cent. while the number of farm workers has fallen by 35 per cent. The outcome of the social revolution in California fields is less clear. The coalition of divergent interests forged by Governor Brown still is shaky and could collapse under pressure of the new farm law's early challenges. There is no way to measure until elections are held which union most farm workers want to represent them —if any. The California farm law comes at a time when the UFWA is probably at its weakest since being formed, with only 15,000 members at peak harvest times and fewer than 20 union contracts. That compares with the Teamsters' reported 467 farm contracts covering 65,000 workers. That means that only 80,000 farm workers are signed up with unions of an estimated 250,000 total work force. A new battle is about to begin for the allegiance of farm workers, but one that may be fought by ballots and not the physical violence of the past ten years.

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscriptions $190.94 (air freight) $381.88 (air mail) per annum. Second class postage paid at New York, N.Y.

Angola peace agreement breakdown feared

BY JON BLAIR — LUANDA, June 23.

THE AGREEMENT signed in Kenya by leaders of Angola's thre rival nationalist movements has been greeted with scepticism here where the feeling remains that a full-scale civil war is about to begin.

With the ink barely dry on the agreement, a sophisticated explosive device was found planted in a car opposite the headquarters here of the National Front for the Liberation of Angola (FNLA).

The FNLA has meanwhile been accused by its Marxist rival, the Popular Movement for the Liberation of Angola (MPLA), of "attacks against the population," including rape, looting and burning.

As tension continues to run high in Luanda, local observers are noting that the communiqués published in Kenya have made no reference to earlier agreements between the nationalist groups—all of which have ended in failure.

There is scepticism, too, about the promise to disarm the civilian population. The arming of civilians, coupled with the large increase in the guerilla armies has been held primarily responsible for the recent clashes which have resulted in thousands of deaths.

Although Angola is not yet in the grip of outright panic, both black and white refugees are pouring out as fast as they can. Some have fled across the northern frontier in Zaire while others are leaving the coffee-growing areas of the North for their homes in the South.

There are constant queues of whites outside the offices of the Portuguese national airline and shipping ocmpanies and it is reported that a convoy of 2,500 trucks and 500 cars will attempt the overland journey to Portugal next month.

The feeling among the whites is that they have been abandoned by the Portuguese Government and they are anxious to take whatever possessions they can with them back to Portugal, where they fear the rising unemployment.

Another cause for concern is that, of the three nationalist leaders, only Agostinho Neto of the MPLA has announced plans to return to Luanda. The FNLA's Holden Roberto is not believed to have been inside Angola for more than 14 years while Jonas Savimbi, leader of the third nationalist group, the National Union for the Total Independence of Angola (UNITA), is returning to his southern base of Nova Lisboa.

Mrs. Gandhi case ruling to-day

BY D. P. KUMAR — NEW DELHI, June 23.

THE INDIAN Supreme Court's ruling on Mrs. Indira Gandhi's application for an absolute stay of execution of the Allahabad High Court's judgment on the election petition against her will be given to-morrow. But the final disposal of the appeal against the judgment itself will have to wait until July 14, when the Supreme Court's vacation ends.

This was decided to-day after Mrs. Gandhi's counsel and other lawyers argued before the vacation judge, Mr. Justice V. R. Krishna Iyer, for five and a half hours in the presence of several hundred journalists, lawyers and politicians keenly waiting for the outcome of the Prime Minister's appeal.

Of immediate importance is the judge's ruling on Mrs. Gandhi's request that the stay of the High Court order should be made absolute. Unless this is done, Mrs. Gandhi will lose her seat in Parliament immediately and face further pressures that she should resign the Prime Ministership.

The High Court on June 20 unseated Mrs. Gandhi from Parliament and barred her from holding elective office for six years, but it stayed execution of this order until an appeal to the Supreme Court was made. This was done to-day and legally Mrs. Gandhi should now have lost her seat. Mr. Iyer, however, ruled that his order to be given to-morrow will have retrospective effect.

Among those present at the hearing was Mr. Raj Narain, whose charges that Mrs. Gandhi had used the services of Mr. Yashpal Kapoor, a Government servant, to organise her election campaign and that various officials had organised meetings on her behalf were accepted by the Allahabad High Court.

Appearing for Mrs. Gandhi to-day was Mr. N. A. Palkhivala who claimed that Mr. Kapoor was no longer on the Government payroll when he campaigned for Mrs. Gandhi. He argued further that the use of Uttar Pradesh State Government facilities for construction of rostrums and electricity supplies were "all in accordance with standing instructions for the security of the Prime Minister and maintenance of law and order."

Meanwhile, the High Court order has caused considerable concern among Indian businessmen who met Mrs. Gandhi yesterday to affirm their faith in her leadership. At the head of the businessmen's delegation was Mr. K. K. Birla, until recently President of the Federation of Indian Chambers of Commerce and Industry.

Reuter adds: Mr. Jaya Prakash Narayan, the Gandhian anti-corruption leader, arrived here to-day to help complete plans for a national campaign to remove Mrs. Gandhi from the Prime Ministership.

Budget for Bangladesh

BY OUR OWN CORRESPONDENT — DACCA, June 23.

BANGLADESH Finance Minister Dr. Azizur Rahman Mullick to-day presented in the country's National Assembly a 7.55bn. Taka budget for the 1975-76 fiscal year. Presenting the 1.42bn. Taka surplus budget in the National Assembly, the Bangladesh Finance Minister said that there was no direct tax levied on the people in the next year's budget. Instead, "some tax concessions have been provided for the common man," he said.

The budget proposals provide for an additional tax revenue of over 1.42bn. Taka over last year's tax revenue of 4.42bn. Taka. Dr. Mullick said that this additional tax revenue would be earned mostly from import-export duty which would account for 1bn. Taka over last year's earnings.

Next year's major non-development expenditure, which will be more than 1.61bn. Taka more than last year, will be on education and health sectors

Tax free income level of Bangladesh citizens has been raised from the present 6,000 Taka per annum to 8,400 Taka per annum. Special emphasis has been placed on population control, village co-operatives promised by President Mujib and increase of production in the nationalised industries.

This was the first time since the creation of Bangladesh that a separate consolidated budget of income and expenditure by the country's many semi-autonomous corporations has been placed before the National Assembly. Without them, according to the Finance Minister, the "true economic condition" cannot be reflected.

Palestinian split deepens

BY IHSAN HIJAZI — BEIRUT, June 23.

THE ESCALATION of the conflict between Libya and Egypt has had adverse effects on the Palestinian guerilla movement and led to a deepening of the split among the commando groups.

Libya is backing the militant "rejection front" led by Dr. George Habash, secretary general of the Marxist Popular Front for the Liberation of Palestine (PFLP). Egypt has been trying to persuade the leadership of the Palestine Liberation Organisation (PLO) under Mr. Yasser Arafat to establish a provisional government that may be invited to represent the Palestinians at the projected Geneva conference on a Middle East settlement.

After visits to Tripoli last week by Dr. Habash and other guerilla leaders, the rejection front and Libya have intensified the campaign against President Sadat's Middle East policy and have called on the PLO leadership to do the same, criticising its alleged inaction against "U.S.-sponsored submissive solution."

The PLO, angered by this attitude, has issued a statement deploring the rejection front and certain Arab states, which it did not name, for seeking to split Palestinian ranks. Although the inter-commando split is not new, Libya and the rejection front are now trying to polarise it.

Informed sources have disclosed that an attempt was made in Tripoli last week to get the Popular Democratic Front for the Liberation of Palestine led by Mr. Nayef Hawatmeh to abandon the side of El-Fatah and join the rejection front. That such an attempt was successful has been denied by the PDFLP, which, with Fatah and the Syrian-sponsored Al Saiqa, form the grouping opposed to the rejectionists.

Fatah, the largest of the guerilla organisations, is trying to steer clear of the conflict. Salah Khalaf, better known as Abou Iyad, has criticised the attitude of Iraq and Libya for their support to the rejection front.

Reuter adds: The PFLP to-day denied an American press report that Libya had offered its leader $16m. to assassinate President Anwar Sadat. Newsweek magazine, quoting Egyptian intelligence officials, has said that Colonel Khedaffi of Libya made the offer to PFLP leader George Habash

UPI reports from Tel Aviv: Additional hundreds of Palestinian guerillas have entered Lebanon from Syria in recent weeks and Palestinians have been trained as pilots and are flying with Arab air forces, military sources said to-day.

The sources said that up to 2,000 more Palestinians affiliated with guerilla organisations have crossed into Lebanon and brought with them from Syria Soviet-made 122 mm artillery, anti-tank missiles and the portable surface-to-air-missile, the Sam 7. About 9,000 Palestinian guerillas now are in Lebanon, the sources said.

Palestinian pilots, the sources said, have been trained in Libya, Syria, Iraq, North Korea "and probably also in China" and are currently flying with several Arab air forces.

Libya has been training guerillas and supports the concept of assassinating Egyptian leaders because of Cairo's expressed willingness to sign a second interim peace agreement with Israel, the sources said.

"Therefore, Egyptian security has stepped up its protection of Sadat and the protection of the Suez Canal because of a fear that these terrorists might try to sabotage shipping in the Canal," the sources said.

Two Vietnams to seek UN membership

By Our Own Correspondent

UNITED NATIONS, June 23.

NORTH AND South Vietnam have decided to seek membership of the United Nations as separate states, but have not yet lodged formal applications, UN officials said to-day.

Envoys of the Hanoi and Saigon Government notified Dr. Kurt Waldheim, the UN Secretary-General, of their intentions when they called on him in Mexico City last week, while he was attending the International Women's Year Conference there, it was revealed.

Both North and South Vietnam hold membership of a number of UN specialised agencies and have the right to maintain observer missions in New York, as do both North and South Korea. But UN officials said that neither Hanoi nor Saigon wanted this "transitional status."

New Iraqi pipeline soon

BY RICHARD JOHNS

THE completion next month of a new Iraqi pipeline linking the northern fields to the Gulf should free the country from the potential Syrian stranglehold on the pipeline to the East Mediterranean which has hitherto been the only outlet for its Kirkuk crude.

According to the official Iraq News Agency, the 400-mile facility will be inaugurated on July 14 (the anniversary of the 1968 coup which brought the Baath' regime to power in Baghdad). It is understood, however, that the Al Bakr terminal, on the Khor el Khafka which is designed to accommodate 300,000 d.w.t. tankers is unlikely to be completed until September.

The announcement takes on a particular significance given the fact that the Iraq-Syrian dispute over the sharing of the Euphrates waters has still not been finally resolved and the scope for friction between the two rival Arab Baathist regimes is still wide.

Initially, the $210m. pipeline will have a capacity of 500,000 barrels a day (25m tons a year) but with the installation of pumps this will be expanded to 1m. b/d—almost as much as the volume put through the system crossing Syrian territory to the terminals at Banias and Tripoli on the Mediterranean.

Moreover, whilst Iraq is known to have been forced by slack market demand to cut the prices of its short-haul Mediterranean crude, exports of the Basrah Petroleum Company (still 53 per cent. owned by British Petroleum, Shell and Compagnie Francaise des Petroles) has been running at record levels this year without any alteration in the OPEC-approved rates.

● Total Gulf production in May was at the rate of 18.93m. b/d in May, a slight 2 per cent. increase on the 18.52m. b/d recorded in April, according to the latest edition of Petroleum Intelligence Weekly. Iran, however, registered a drop of 6.7 per cent. with production falling from 5.45m. b/d to 5.09m. b/d. The overall rise was accounted for by Saudi Arabia whose exports were up 1.07m. b/d at 6.99m. b/d.

Triumphant homecoming for Machel

LOURENCO MARQUES, June 23.

SAMORA MACHEL returned in triumph to-day as President-designate of Mozambique to this seaside capital he left hardly a decade ago as a male nurse.

At midnight to-morrow, the bearded, smiling guerilla veteran makes the transition to President when Portugal withdraws after nearly five centuries of rule.

Mr. Machel, 42, drove through cheering crowds waving the new black, green, red and yellow flag of the country now to be named the People's Republic of Mozambique, economically bankrupt and with 90 per cent. of its 9m. inhabitants illiterate.

The incoming president has sworn to remould the colony into a "truly Marxist State" and has blamed the departing Portuguese for "500 years of bestiality . . . A story of degradation, slavery, massacres, humiliation, exploitation and oppression."

Delegations from more than 60 nations have arrived to attend the independence celebrations on Wednesday. The United States and West Germany have not been invited and the South African consulate was closed last week. Ties with Pretoria will be reviewed, Mr. Machel has said.

China and the Soviet Union, both military allies in the black nationalist fight against Portugal, already have delegations in Lourenco Marques.

A month ago, Mr. Machel left his insurgency headquarters in neighbouring Tanzania and in six helicopters his entourage has travelled slowly down to the capital, addressing public rallies all the way. He has urged collectivisation and an end to "individualism" and said that all land will be nationalised.

UPI

Feature Page 23

JAPANESE AIRCRAFT INDUSTRY

A dilatory phoenix

BY CHARLES SMITH, FAR EAST EDITOR

BRITAIN'S "yes" to EEC membership could have the surprising side-effect of helping Japan to decide where to look for a partner in the development of its aircraft industry. The Japanese aircraft industry is one of the favourite foster children of MITI (the Ministry of International Trade and Industry), which has played a crucial role stimulating and encouraging the development of most of the industries which have provided the basis of Japan's economic growth since the war.

In its present state the Japanese aircraft industry is not only too small (one-quarter the size of Britain's and one twenty-fifth the size of America's) to be taken very seriously by outsiders, but it also faces very serious internal problems. The volume of work has been stagnant in the past year or two and could fall steeply in the immediate future. But MITI has never yet failed to see one of its brain-children emerge as a major industry, and it is determined not to fail with aircraft.

Japan's aircraft industry was closed down by the U.S. occupying authorities in 1945 (when it was employing 1m. people) and only revived in response to the servicing needs of the U.S. Air Force during the Korean war. Some of the pre-war 1945 talent is still with the industry. The managing director of Mitsubishi Heavy Industries' aircraft section, for example, is Mr. Teruo Tojo, a son of General Hideki Tojo, who was trained as an aircraft designer during the war and helped to design Japan's most successful post-war civilian aircraft, the YS-11.

But men like Mr. Tojo are rare and the industry has had to rely heavily up to now on U.S. technology. With a handful of notable notable exceptions (the YS-11, the C-1 transport, and the Mitsubishi MU-2 and Fuji FA-200 light aircraft) the post-war products of the Japanese aircraft industry have been slightly modified versions of U.S. (or occasionally European) originals. With almost equally few exceptions the industry's sales up to now have been to Japan's own Self Defence Forces.

They provide over 85 per cent. of the industry's total orders and will go on being important customers whatever happens. The next big piece of business to come the industry's way would be a long-term contract to build about 100 anti-submarine patrol aircraft for the marine defence force—though there is still an outside chance that it may prefer to import its anti-sub planes rather than have them made in Japan. But while the industry certainly could not survive without the big defence orders, there are two reasons why it is not happy with the present situation of overwhelming dependence on defence.

> The Japanese aircraft industry is in the odd position of being overwhelmingly defence orientated, yet quite unable for political reasons to export military aircraft.

The first is that Japan's defence spending is never going to get very big (it is currently 0.87 per cent. of the GNP), and may indeed grow more slowly in the next few years than in the recent past because of the expected slow down in the growth of the Japanese economy. The second, and crucial, point is that the Japanese aircraft industry is in the odd position of being overwhelmingly defence oriented yet quite unable to export military aircraft. The reason is that the export of all kinds of arms is rigorously prohibited by a policy declaration of the Japanese Government, backed by all the force of a strongly pacifist public opinion.

The ban and the slow growth and limited size of the defence budget means that the industry has only one way to go if it is to fulfill the hopes of the MITI technocrats: it must somehow or other break into the world market for civil airliners. The industry seemed to be on the point of doing so in 1962 when it started to build the YS-11—a MITI-subsidised short-haul turboprop airliner with a capacity and specifications fairly similar to those of the HS-748 or the Fokker Friendship. Japan offered the YS-11 to regional airlines in Asia as the "$1m. aircraft" and managed to export 76, though reportedly at a considerable loss. But the last YS-11 was built two years ago and there was nothing much left on the civil side after that except Mitsubishi's MU-200 executive jets and Fuji heavy industries' FA-200S. The industry's story for the past two years has been the story of its search for partners to help it build an ambitiously conceived second-generation wide bodied triple jet aircraft, code-named the Y-X project.

When the Y-X first appeared on Japanese drawing boards around 1966 it was a shorthaul jet of roughly the same capacity and range as the BAC One-Eleven, but objections from the domestic aircraft industry soon caused it to be turned into something much bigger. To-day's Y-X has a planned capacity of 250 passengers, a short take-off capability, and a low noise level and would be considerably more advanced than anything so far turned out by the U.S. or European aircraft industries—provided it is ever built.

Japan knows that it cannot go ahead with the Y-X unaided and it is possible, though not certain, that the whole project may founder.

The three big Japanese aircraft companies, Mitsubishi, Kawasaki, and Fuji, are divided in their views on how this gap should be filled. Dr. Iawao Shibuya, the energetic and imaginative managing director of Fuji Heavy Industries, the smallest of the Big Three, apparently sees the McDonnell Douglas company's plans for an extended version of the DC-9 offer an opening for Japan, though it seems certain that the Japanese industry would be given only a minor role in this project.

Elsewhere there is growing interest in the 50-50 joint venture proposed by British Aircraft Corporation for an Anglo-Japanese version of the BAC One-Eleven. BAC has pushed its plan very vigorously during the past year with upwards of a dozen visits by a senior sales executive and a second visit by its managing director for sales, Mr John Ferguson Smith due in July. The Japanese say that the project is technically feasible.

The final decision on the fate of the Y-X project and the choice of a substitute will rest with MITI. Since it is MITI's sponsorship—and its provision of 75 per cent. of the necessary development funds—which will enable the project to get beyond the drawing board stage, MITI's aircraft section has so far refused to make any but the most non-committal comments about the BAC proposal. But MITI is making no secret of its strong interest in the European aircraft industry generally as an alternative partner to the U.S. It is just possible that, with Britain safely in the EEC, the deadlock over the Y-X could provide the chance for the first real industrial joint venture since the war between Japan and Europe.

EUROPEAN NEWS

CARLI CONFIRMS RESIGNATION

BANK OF ITALY Governor, Guido Carli, has written to Treasury Minister, Emilio Colombo, confirming his decision to resign, official sources said in Rome yesterday. Reuter reports that the sources said Sig. Carli would meet Prime Minister Aldo Moro to-day to discuss the resignation.

Schmidt calls for joint action on recession

BY NICHOLAS COLCHESTER

BONN, June 23.

CONTINUING HIS campaign for closer co-operation between the industrialised countries in dealing with the current OECD recession, West German Chancellor Helmut Schmidt complains that West Germany has been unable to reach sufficient agreement with Great Britain, Japan, and Italy. In an interview in to-morrow's Suddeutsche Zeitung, the Chancellor explains why he feels that economic policy is becoming increasingly a subject for such co-operation, and he paints his picture of West Germany in the year 2000 — a country that exports patents, process technology, and blueprints "better or quicker" than everyone else.

"At two Nato conferences," says the Chancellor, "I have talked not of defence but of world economic recession as the West's real danger. In bilateral talks, principally with America and with Japan, and in many-sided discussions inside the EEC, we have tried to co-ordinate our policies towards developing countries, with and without raw materials, and especially our monetary and fiscal policies. Sufficient agreement has been reached with America, with France and the other partners in the currency 'snake.' One cannot say the same of Japan, Italy and England."

Herr Schmidt explains that economic development has become such an international affair that national economic programmes "will work now and in the future only in a limited way," and that "parallel policies in the most important industrial countries" are the precondition for recovery from the worst economic recession since the 1930s. He cites America as an exception to this rule, because its economy is so self-contained, but adds: "In so far as psychology is concerned, New York is the capital of the world economy. So long as American economic pessimism remains as marked as it has been in recent months a turn for the better in the world economy appears to be ruled out."

The broad problem, claims the Chancellor, is not a Keynesian one. "There is not too little money available. Rather, the sales and profit expectations of companies across the world have shrunken because of a number of factors—and with them the will to invest. In the whole world there is too little investment and almost everywhere a bit too much consumption."

The answer for Germany, he continues, is investment in more sophisticated techniques of production. "Looking far into the future and grossly simplifying one can say: on the horizon of the year 2000 one sees an age appear in which economies like that of Germany essentially export patents, process technology and blueprints." The Chancellor dismisses the idea that Government-directed investment should steer Germany in this direction. He maintains that it must be left to free enterprise. He does note, however, that the number of foreign workers in West Germany must remain limited for the transformation to take place.

Key role for Italian Socialists

BY ANTHONY ROBINSON

ROME, June 23.

THE ITALIAN Socialist Party (PSI), whose key position between the two major parties has been emphasised by the results of the regional and local elections, is now being actively courted by all the political parties, from the Communists to the Republicans and is looking for a means to retain its individual identity vis-a-vis its potential partners.

In the economic field a group of Socialist economists, including former budget and planning Minister Antonio Giolitti, have anticipated this Thursday's party leadership meeting by suggesting the outlines of the party's future economic policy.

At a two-day meeting in Milan the party's leading economists proposed a re-launching of central economic planning with the emphasis on ensuring a constant flow of funds for investment by a radical reform of the fiscal and credit structure.

The proposals put forward by the party's economists are essentially an updating of the policies which the PSI tried to apply during its 12 years of intermittent participation in government. The failure to achieve results then is one of the reasons pushing the party towards Left-wing alliances

Kohl rallies the Opposition

BY JONATHAN CARR

MANNHEIM, June 23.

DR. HELMUT KOHL to-day strengthened his position as the man to lead the West German Opposition into next year's general election, with a fighting speech here at the opening of the Congress of his party, the Christian Democratic Union (CDU). It was only last week that the CDU was able to elicit a commitment from its Bavarian sister party, the Christian Social Union (CSU), to support Dr. Kohl as "chancellor candidate" of the Union parties.

The CSU still believed its own leader, Herr Franz-Josef Strauss, to be the best man for the job, and appeared to fall in behind the CDU choice with reluctance.

To-day, the CSU was at pains to demonstrate its support for Dr. Kohl, and his speech did not disappoint. He even received a handshake from a smiling CSU representative after his much-applauded, 95-minute address.

Accusing the Bonn Government of sapping business confidence at home and of having no real foreign policy strategy, Dr. Kohl said the time had come for a return of that political force which had built up the Federal Republic in the first two decades of its existence.

The CDU, he said, was not merely a party of "big business" but drew its support from all social groups. The ruling Social Democrats continued to think in, and to use the slogans of, the 19th century, and were thus incapable of mastering the new problems which faced the nation.

Society to-day did not so much face a confrontation of employers and employed as of those interests which were organised and those which were not. The latter were the new poor of society: they posed new social problems and, according to Dr. Kohl, it was the Union parties alone which could provide the solution.

In broaching this topic, Dr. Kohl was referring to passages of a so-called "Mannheim Declaration," which has been placed before the Congress by the CDU's national executive committee. The document seeks to draw together the major strands of CDU thinking in a series of fields—foreign affairs, economics, finance, social policy and so on—and amounts to a consistent statement of the aims of the middle ground in West German politics.

It manages to be imaginative without losing touch with the possible, and bears heavily the stamp of the CDU's General Secretary, Prof. Kurt Biedenkopf, who was a university rector and business director before he took up his present post.

The important thing is that this amounts to a serious intellectual initiative from the middle ground at a time when the present Government of Social Democrats and liberal Free Democrats has been forced on to the defensive with its own reform plans. It used to be said that the CDU was the party of "no experiments" and lacking in intellectual vigour. It is now the aim of the party to turn this same argument against the Left-wing as part of its strategy to return to power next year.

There is a long way to go. Although the CDU has consistently gained ground in a series of provincial elections, it has failed to snatch control of any new provincial state parliament from the SPD-FDP. The CSU leader, Herr Strauss, has long pressed for a still more vigorous attack on the Government's coalition parties, and apparently believes himself to have the spirit needed to lead the CDU-CSU to victory next year.

Thus, in spite of CSU acceptance of Dr. Kohl's address to-day, Herr Strauss' scheduled appearance at the Congress to-morrow is awaited with some trepidation.

EEC tender competition moves hit heavy going

By David Curry

BRUSSELS, June 23.

THERE HAS been virtually no progress inside the Community towards opening up tenders by public bodies to general competition. This is the main conclusion of a study into the situation on public procurement drawn up for the Council of Minister by the Commission's industry directorate.

At the same time the Commission's proposals for a directive opening up Government purchasing to competition among Common Market companies is running into heavy weather in discussions among permanent representatives of the nine governments in Brussels.

The only directive in force in the area of public purchasing is of 1970 vintage and covers essentially local authority tendering, which must be opened up to all Community concerns capable of competing for it. The draft directive now being discussed would extend the principle to government purchasing.

However, two snags are threatening to hold up its progress. The British are maintaining, with the particular situation of the Post Office in mind, that telecommunications and computers should be excluded from the scope of the measure now being examined and should, if necessary, be made the object of a separate directive.

A second problem is the extent to which EEC tenders should be open to third country concerns on the basis of the directive. By and large the Germans are understood to want a fairly liberal attitude adopted whereas the French, who have traditionally maintained a rather restrictive tendering mechanism, support a more strongly circumscribed approach.

Originally the Council wished to deal with this directive proposal by the end of last year: it may not see the light of day this year. The study from the industry directorate draws its evidence from statistics on the market for and trade in medical equipment, information equipment, civil aircraft, power station plant, railway and telecommunications equipment in the six original member States between 1968 and 1972.

Replies due on funds for research

By Reginald Dale, Common Market Correspondent

BRUSSELS, June 23.

WEST GERMANY'S willingness to put up new money for joint EEC projects will face a further test in Luxembourg this week when ministers are due to respond to Commission requests for fresh funds for scientific research. The Commission is asking for a total of 126m. units of account (about £50m.) for several projects designed to keep joint research efforts going at Community level.

In an appeal for the funds to be approved, Herr Guido Brunner, the West German Commissioner responsible, said to-day that the Nine must give the Community's research centres a fair chance to complete their 1973-76 programme without setting additional problems half way through. Member states must comply with the Euratom Treaty, one of the "three pillars" of the Community, which committed them to joint research programmes.

Nevertheless, the signs are that his appeal will fall on deaf ears at Thursday's Research Council meeting, mainly as a result of Bonn's reluctance to approve budgetary increases involving fresh contributions from the West German Exchequer. Some observers here believe that Bonn is now planning to be even tighter in its contributions to Community expenditure than it has already been over the last two years.

The Commission is asking for 19.6m units for research into the treatment and storage of radio-active waste, and another 59m units for research into the development of new sources of energy. It wants a further 47.7m. units for the Community's Joint Research Centre, spread between Ispra in Italy, Karlsruhe (Germany), Petten (the Netherlands) and Mol (Belgium).

OECD science ministers, Next Page

MALTA LIKELY TO ACCEPT AID DEAL

By Godfrey Grima

VALLETTA, June 23.

MALTA'S Government is expected to accept the EEC Commission's improved economic aid offer of £15m., which, according to reports from Brussels, covers both direct aid and subventions on food exports.

Development Minister Wistin Abela, a close Cabinet colleague of Premier Dom Mintoff, said the new EEC accord promises to be another milestone for the island's Labour government. This was the first official public reaction since reports reached here from Brussels of the Commission's decision to increase its offer from £12m. to £15m.

Mr. Abela added he also hoped the EEC would assist Malta with technical expertise for the creation of new industry.

Socialist rally in Lisbon to back AFM plan for parties

BY ROGER MATTHEWS

LISBON, June 23.

THE PORTUGUESE Socialist Party to-night mounted a massive rally in the centre of Lisbon to support a week-end statement by the Supreme Council of the Revolution that it still favoured a "pluralistic democracy" and rejected a "dictatorship of the proletariat."

As the crowds gathered for the rally, key figures in the political battle for power were due to leave the city to take part in the independence celebations being held this week in Mozambique, the former Portuguese colony.

Among those on the special flight to Mozambique were Socialist Party leader Mario Soares, Prime Minister Vasco Gonçalves, head of the Internal Security Forces General Otelo Saraiva de Carvalho, and Communist Party general secretary Alvaro Cunhal. Observers here thought their absence from Lisbon would help to cool the political temperature, which had been mounting steadily all last week.

However, one of the main ingredients in causing the heightened tension—the case of the Socialist newspaper Republica—remained unresolved. This morning printing workers, who have refused to bring out the paper under the present editorial staff, went into the building without incident. But the editorial staff, under editor and veteran Socialist Doctor Raoul Rego, stayed in their temporary offices and demanded a meeting with the Supreme Council of the Revolution in another attempt to settle the issue of who will run the newspaper.

Dr. Rego, formerly Minister of Information, thought it unlikely that any substantive progress would be made this week because of the absence of so many vital political figures

A key aim of to-night's rally, although not stated publicly, was to demand the reopening of Republica, one of the few remaining Portuguese papers not under direct or indirect Communist control. It is thus the only real section of the media left to put across the line of the Socialists, by far Portugal's biggest party according to the April 25 elections for the constituent assembly.

Earlier in the day, extreme Left-wing groups discussed the possibility of mounting a counter-demonstration to support their policy of a "dictatorship of the proletariat."

It was also announced to-day that Gen. Otelo had been named supreme operational commander of Copcon, the internal security forces reporting directly to the chief of the General Staff. This is, however, only formal recognition of a situation that already existed. Gen. Otelo has emerged as one of the dominant figures of the revolution and his handling of the Republica affair has lent weight to the theory that he is a dedicated supporter of revolutionary workers' committees as opposed to a multi-party system.

LISBON, June 23.

FIRE to-day partially destroyed the military map and photo archives of the secret police during the old Right-wing régime. Fireman could not immediately say if the blaze in the four-storey, 19th Century building was accidental or deliberately set. The archives include pictures taken of demonstrators who participated in marches and protests. UPI

Bonn-Paris 'A-missiles plan'

BY ROBERT MAUTHNER

PARIS, June 23.

UNDETERRED by official denials, the French Communist Party leader, M. Georges Marchais and his West German opposite number, Dr. Herbert Mies, to-day repeated allegations that negotiations are currently being held by their two countries to station French tactical nuclear missiles on West German soil.

Dr. Mies claimed at a joint Press conference that it was intended to station the missiles—20-kiloton Plutons with a range of some 75 miles—about 25 miles from the East German border, thus putting them within striking distance of the city of Leipzig.

The two Communist leaders also argued that the stationing of Plutons in West Germany would favour the creation of a European Army in accordance with the wishes of "West German militarists," while M. Marchais said that such a step would inevitably bring France back into Nato-integrated military command, from which it withdrew ten years ago.

Although the French Defence Ministry did not immediately react to this latest allegation by the Communist Party, similar claims made last month were categorically rejected as "sheer fantasy" by officials.

The next step in the Communist campaign, according to M. Marchais and Dr. Mies, will be the organisation of mass meetings in Strasbourg, Eastern France, and Kehl, on the West German side of the Rhine, to protest against the equipment of the two French divisions stationed in Germany with the new missiles.

The Plutons, which were first introduced to the French army a year ago, will not come into full service until 1977, when they will be mounted on about 40 AMX-30 tanks operated by six infantry regiments.

According to French officials, three of these regiments will come under the French army command at Baden Baden, in West Germany, while the rest will be commanded from Nancy in Eastern France. But all the tanks would remain on the French side of the border.

Danish PM guilty of libel

BY HILARY BARNES

COPENHAGEN, June 23.

DANISH Prime Minister Anker Joergensen was found guilty of libel by a Copenhagen court which released its judgment at the week-end. But the court found that the Prime Minister had been provoked and, therefore, was not required to pay damages.

Mr. Joergensen was sued by the editor of the Right-wing magazine Minut after the Premier had referred to the magazine as representing "blackest Fascism" and alleged that it was financed by international oil companies.

Mr. Joergensen agreed in court that the second allegation was without foundation but he refused to retract the charge of Fascism. His statement was made at a political meeting in January last year at a time when his Social Democratic Party was in opposition.

Romania-Bulgaria power project

BY PAUL LENDVAI

VIENNA, June 23.

ROMANIA and Bulgaria have decided to build a joint hydro-electric plant and navigation system on the Danube. It will consist of two power plans, a dam and two lock systems. It will have an annual output of 4bn. kwh. The agreement was signed by Romanian President Nicolae Ceausescu and Bulgarian Head of State Todor Zhivkov during the latter's visit to Romania. The two leaders also signed an agreement about the transmission of power from the Soviet Union to Bulgaria through Romania. No details were given.

Comecon summit faces tough prices problem

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

THE ANNUAL Comecon summit which opens in Budapest to-day should go a long way towards setting the Soviet bloc's economic course over the next five years. But the signs point to a difficult meeting, especially if the Soviet Union's hard-pressed allies try to win more generous terms for their deliveries of Soviet raw materials, notably oil.

As usual, no agenda has been published for the meeting of Prime Ministers or their deputies from the grouping's nine members, including Mongolia and Cuba. But with the next Five Year Plan period only six months away, and this the final summit before the deadline, the main issues seem clear.

Heading the list are prices. Six months after Comecon's major price adjustment in January, some members are clearly suffering from the new system which benefits suppliers of raw materials, mainly the Soviet Union, at the expense of industrial exporters.

Many Comecon countries have run into difficulties in their trade with the Soviet Union, despite Moscow's offer of cheap long-term credits. To correct trade balances and preserve living standards the East Europeans may now be seeking easier terms from the Russians, particularly for oil, which has doubled in price since January and will go on rising in the foreseeable future.

A sign that a political as much as an economic solution is being sought was the sudden bout of top-level visits by East European party leaders to Mr. Brezhnev in Moscow during the run-up to the summit. Latest in the line was Mr. Gierek, the Polish leader, who dropped in on Moscow unannounced for a few hours yesterday.

Linked to prices is the problem of East European investment in the Soviet Union. With Moscow needing finance and equipment to open up its natural resources, it may make a more generous raw materials deal conditional on greater East European participation in its Siberian projects.

This would also touch on Comecon's future trade orientation. Despite inflation and the West's other ills, most of Comecon wants more trade with the West to earn hard currency for future raw material purchases on world markets. Already, there are signs that the smaller East European countries want to formalise their relations with the EEC, and the summit may produce a response to the Brussels Commission's so far unanswered invitation to talks.

Discussions will take place in the context of Comecon's stated aim to link members more closely. For the first time the next Five Year-Plans will have specific sections dealing with Comecon integration. The grouping will also produce, for the first time, a 15-year plan outlining development to 1990.

GDR wants Soviet aid to offset raw material costs

BY LESLIE COLITT BERLIN, June 23.

DETERMINED TO hold on to its hard-earned standard of living, East Germany has called on the Soviet Union to ease the burden of higher prices for Soviet oil and other raw materials. East European sources in the East German capital say this was at the heart of a recent one-day meeting in Moscow between Mr. Leonid Brezhnev and Herr Erich Honecker, respectively the Soviet and East German Communist Party leaders.

Comecon trade specialists say the German Democratic Republic (GDR) has told the Soviets that if relief cannot be obtained it will be difficult to guarantee GDR deliveries to the Soviet Union under the next Five Year Plan. The GDR has also made Soviet aid a pre-requisite for the closer co-ordination of the two countries' Five Year Plan period to begin next year.

The East Germans are presenting a strong case to the Soviets. The GDR is Moscow's largest trading partner, with a total turnover last year of considerably more than DM20bn. Sixteen per cent. of Moscow's foreign trade is with the GDR, with one quarter of all Soviet imports of machinery and equipment coming from East German factories. In certain key imports of the Soviet Union's, such as ships, forging and pressing equipment as well as agricultural machinery, the GDR supplies 40 per cent. and more of the total taken by Moscow.

The Eastern experts say the Soviet leadership could not afford to remain aloof while the GDR, the workshop of Comecon, is faced with a deluge of new problems. GDR subsidies to hold down prices for domestic consumers have rocketed this year as the estimated 23 per cent. rise in the price of imported Soviet raw materials is still not directly being passed on.

The Eastern sources say the Soviets could assist the GDR by crediting to the GDR's current trade account its future deliveries of machinery and equipment to the Soviet Union for the extraction of that country's raw material. Transferrable rouble surpluses of the GDR in its past trade with the Soviets could also be used to ease the pressure on the East German economy.

East Germans who closely follow their country's relations with the Soviet Union say the GDR has two main concerns. East Germany cannot afford to allow the gap in living standards between itself and West Germany to widen beyond the 30 per cent. difference now in effect. On the other hand the chasm between the GDR's standard of living, highest of all Comecon countries, and that of the Soviet Union is demonstrably growing larger.

Paul Lendvai writes from Vienna: the Hungarian Government will carry out a large-scale upward revision of producers' prices and major changes in company taxation in an effort to promote technological progress and weed out uneconomic producers.

Finance Minister Lajos Faluvegi said in the Budapest Communist Party paper, Nepszabadsag, that production subsidies had doubled since 1968 to Forint25bn. (about £500m. at the tourist rate of exchange).

ROYAL VISITS TO RUSSIA

New circumstances for pomp

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

EAST-WEST relations are full of events that could never have happened a year or two ago. The latest is one of the most glittering processions of visitors that the Soviet Union, or anyone else for that matter, has crammed into a month.

Since the end of May the Kremlin has rolled out the red carpet no less than three times for Western royalty. And each time the Kremlin has done it with the glamour and pomp of an era most people thought had ended in 1917.

First there was Queen Margarethe of Denmark and her husband, Prince Henryk, who spent a week in Leningrad and Moscow. Next it was Grand Duke Jean of Luxembourg and the Grand Duchess, who stayed for six days and went down to Tbilisi, the capital of Georgia.

And yesterday King Baudouin and Queen Fabiola of Belgium stepped on to the tarmac at Moscow Airport at the start of a ten-day stay and an itinerary which will take them to the depths of Siberia and Soviet Central Asia.

The pattern will be much the same as the earlier Royal visits: Kremlin banquets, return banquets at the Embassy, visits to the ballet and pictorial coverage on the front page of Pravda.

For a country that made something of a point of getting rid of its monarchs, these tours may look rather puzzling. But Western observers believe it can be explained, and not only by the Russians' well-known weakness for anything that smacks of privilege and wealth.

These visits have all been largely ceremonial, conducted from the Soviet side by President Podgorny, whose role in the actual running of the country is now believed to be minimal. But there has been substance to them too.

The Monarchs all brought along their ministers, who had talks with their opposite numbers, providing the kind of exchanges and declarations that play such a big part in Soviet diplomacy.

Better still, these visits have in Russian eyes enhanced the legitimacy of Soviet power by demonstrating to the world that the very kind of people the Communists overthrew now want to be friends.

But the highest approval has yet to come — from Queen Elizabeth of Britain who is the most prestigious sovereign in Europe and also more closely related to the Russian royal family than the others.

For some years the Russians have been pressing Whitehall to arrange a royal visit to Moscow, but the Foreign Office has been advising Buckingham Palace that the time is not ripe.

With three royal visits under their belt, the Russians may feel the time has come for another approach to London. According to the Foreign Office, there are no objections in principle, but any visit would have to be fitted into the Queen's schedule, which is normally booked for several years ahead.

OECD SCIENCE MINISTERS IN PARIS

Finding a new role for the boffins

BY DAVID FISHLOCK, SCIENCE EDITOR

SCIENCE ministers from nations accounting for four-fifths of the world's scientific research assemble at OECD headquarters in Paris this morning for the fifth meeting at ministerial level —and the first since 1971—of the OECD Committee for Scientific and Technological Policy. There are clear signs that some governments, confronted by the highly debilitating problems of the 1970s, are beginning to say: "Science must surely have some of the answers."

Energy supplies and the conservation of natural resources are fairly obvious targets for science. But in recent months OECD science policymakers have also been approached for ideas on alternatives to the traditional macro-economic approaches to economic problems such as fiscal and tariff policies. This implies a profound change in recent government attitudes towards science and technology. Followed through, it could put science on far firmer foundations than before, as a respected technique in policy making rather than a pursuit that sometimes produces something useful.

The crash development programmes of World War II to apply academic researches of the 1930s spawned revolutionary advances in radar, atomic energy, aerospace, and elsewhere. These successes encouraged many governments to believe that science might also have answers to the most pressing post-war problems, a faith science itself was quick to encourage. In Britain's case one of the most pressing problems was a persistently poor economic performance.

By the mid-1960s dark suspicion had settled that far from solving society's problems, profligate patronage of science might—at least in some quarters — even be worsening them. Government spending on research and development began to decelerate.

Papers laid before the science ministers this week will show that in real terms the development of science is still decelerating. This is definitely so in Britain, the U.S., Canada, and France; and to a lesser extent true of West Germany and Holland. In eight other OECD member-countries "GERD" — gross national expenditure on research and development — has continued to grow by well over 5 per cent. a year. (In Spain, growth has been exceeding 20 per cent., albeit exclusively in the private sector, and attributed to foreign investment.) Except for Italy, however, these eight grew more slowly in 1973-74 than in earlier years.

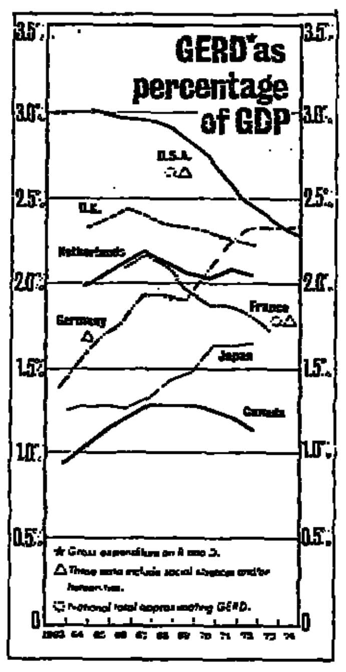
Nor is there any sign that industry generally is accelerating its investment in science. A clear trend of growing enthusiasm and participation from industry in the 1960s has been reversed in the 1970s. Only among relatively small spenders —Austria, Belgium, Japan, Spain and Sweden—has industry increased its share of the science budget.

British industry's contribution to research as a percentage of GDP fell sharply from 1 per cent. in 1969-70 to 0.8 per cent. by 1972. Industry in the U.S., West Germany and France, on the other hand, has managed to maintain a constant percentage of GDP for research throughout the 1970s so far.

Not least of the problems for OECD's Directorate for Science, Technology and Industry, in drafting the agenda for a score or so of science ministers this week, is the very disparate roles those who hold this title play in their respective Governments. They may be responsible for science, education, economics— or nothing at all. In Belgium, for example, the Prime Minister himself takes responsibility for science (though he will not be attending the Paris meeting). France and Germany will be represented by Ministers responsible for research, respectively M. Donyani and Dr. Hans Matthöfer.

For most member-nations, however, the science minister plays a minor role. The U.S. has no such post and will be represented by two scientists in public service: Dr. H. Guyford Stever, director of the National Science Foundation and part-time Presidential science adviser, and Dr. Dixy Lee Ray, of the State Department. The U.K. will be represented by Lord Beswick, Minister of State at the Department of Industry.

Even so, nations have grown much more sophisticated in science policy-making since the first Ministerial meeting in 1963, when it was said that science ministers had better statistics about the egg production of their respective nations than about the science. This year Professor K. Oshima, the highly articulate nuclear engineer from Tokyo University, and his directorate have drawn up a six-point agenda on the theme of "science and technology in the management of complex problems": The role of science and technology in policymaking; the management of the research system; science, technology and society; the need for public involvement; a new vision of natural resources; and international co-operation.



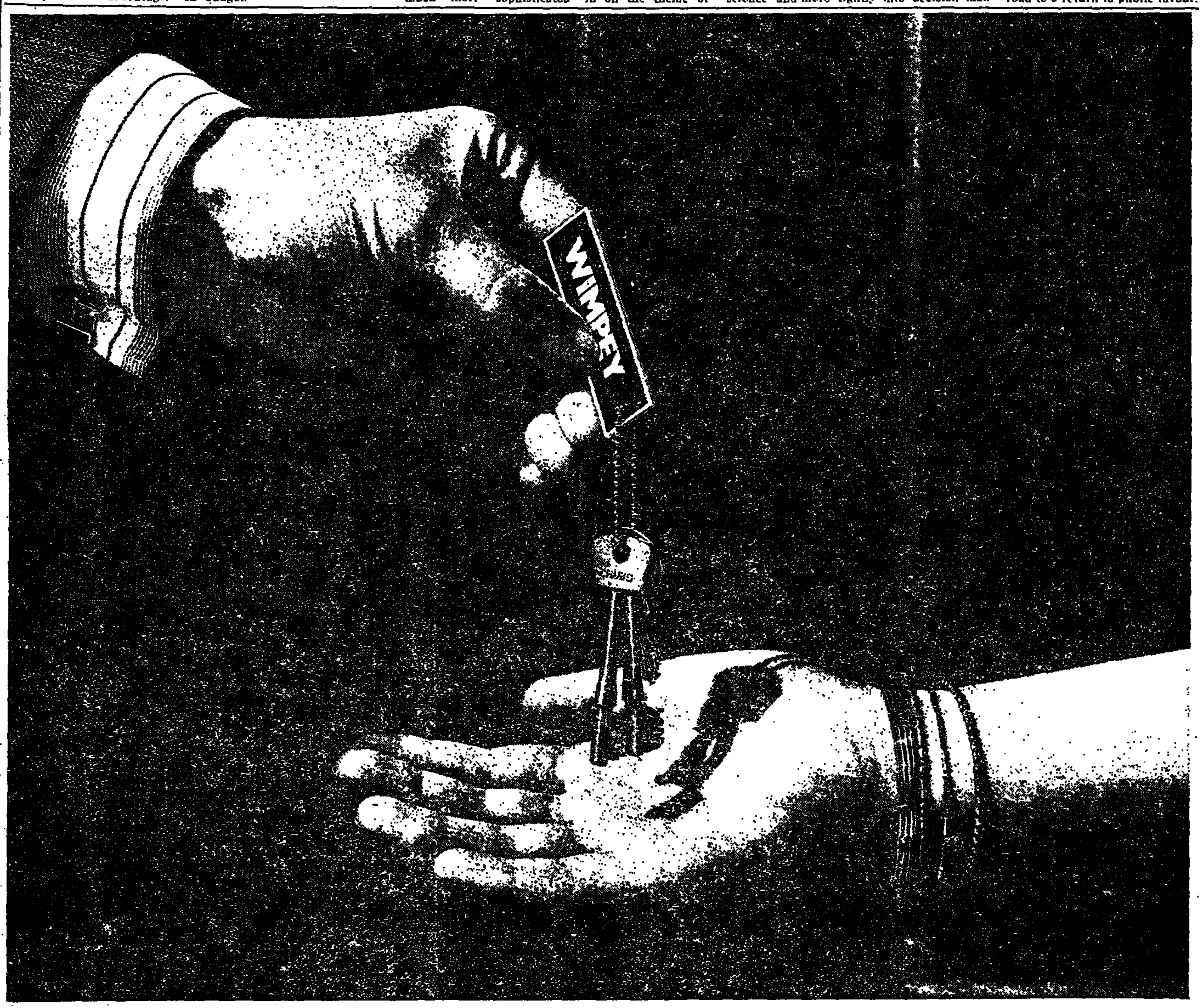
This agenda arises from a view privately held by OECD officials that everyone is somewhat at a loss on how to control science and technology. Some sectors of science have grown so large that the innovator has lost all control — witness nuclear science and engineering, aeronautics and astro-physics. Still more serious, no interface has been created with society itself. A few scientists have even responded by calling for moratoria on certain lines of research (such as genetic engineering) or of technology (such as nuclear engineering).

At OECD they have no doubt that calls of this kind are valueless since the likelihood that all scientists everywhere in the world would agree to forego a line of research is small. What worries them is that these calls are a symptom that even those on the inside may be losing their confidence and vision.

The agenda is thus an attempt to help governments regain control of technology and science— by pointing up new directions and fresh objectives, including international objectives, by greater public participation, by interweaving science policy much more tightly into decision making (as indeed is already the case in defence). As one high-ranking official put it: "If the world's research and development policies become confused, the danger is not that scientists will become confused but that the world will become confused."

The whole question of the "social dimension" of science and technology has been considered important enough to warrant its own paper for this week's meeting. The concept of "neutral science" no longer has any validity. The most innocent explorations of a scientist—say, ecological studies of a river—can produce results that put science and technology into violent conflict with other interests. A study OECD officials want to pursue is how different nations, with governments as disparate as say Spain and Sweden, have approached the question of public participation in science and technology questions.

The illusion, fostered unfortunately by many scientists during the days of burgeoning research budgets, that science can fulfil all of society's dreams is finally being dispelled. What is still not clear to the policymakers is just what are the strengths and weaknesses of science in policymaking, in a society as fragile and vulnerable to disruption by self-seeking individuals or organisations as ours has become. If the science ministers leave Paris this week with a clearer idea of its strengths and limitations, science should be well on the road to a return to public favour.



Chrysler U.K. gives top men new jobs

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

CHRYSLER (U.K.) motor vehicle group, which has had to deal with a succession of debilitating strikes in the past two or three years, has appointed two deputy managing directors to take some of the heavy day-to-day burden of running the organisation off Mr. Don Lander, managing director at the Coventry headquarters.

The more significant appointment is that of Mr. Franklin M. Rogers, 51, an American who over the past two years has been in effective charge of Chrysler (France) as president of the operations there, which include Simca. Before that, he was from 1971-73 managing director of Chrysler (Spain).

The appointment underlines the growing integration of Chrysler's European operations, highlighted recently when Mr. Lander announced the indefinite postponement of a new model for the U.K. because of the industrial unrest in the motor industry, and added that the first new model would come from Simca instead. One of Mr. Rogers' jobs is seen as repairing some of the fences broken by that announcement.

The other deputy managing director appointment recognises the status of Mr. Peter Griffiths, 52, and the importance of his job as director of industrial relations and personnel, a post to which he was appointed in 1973, when he became a member of the board.

The whole of Mr. Griffith's career has been spent in the motor industry both on the manufacturing and industrial relations side beginning with Pressed Steel Fisher in 1940 before the merger with BMC.

He was running the PSF Linwood plant in Scotland when it was bought by the Rootes Group in 1968 before the acquisition by Chrysler.

Other appointments also announced are Mr. Harry Sheron as technical director for Chrysler in Europe. He held a similar post with Chrysler (U.K.) and this job is being taken by Mr. Geoffrey Wright, 39, at present engineering executive for cars and trucks.

Mr. Gordon M. Pfeiffer, deputy managing director for Chrysler (South Africa), becomes director of sales and marketing. He succeeds Mr. Geoffrey Ellison, 51, who is taking up an appointment with Chrysler Corporation in the U.S. as manager U.S. export sales (international group).

Scottish Aviation fears 400 lost jobs

By Chris Baur, Scottish Correspondent

THE GOVERNMENT is being asked to help prevent up to 400 possible redundancies at the Prestwick, Ayrshire, plant of Scottish Aviation, the small-aircraft manufacturing company which is part of the Laird Group.

The company has warned that, with the completion of an order for 26 of its Jetstream aircraft for the RAF, up to 400 of its 2,300 employees might be redundant by the end of September.

A proposal being put to the Department of Industry by two Ayrshire MPs on behalf of the company, would involve the RAF in delaying delivery of 10 of its aircraft which would then be diverted, with modifications, to the civilian market.

The company says this plan should suit the RAF which is not currently using its full complement of Jetstreams because of temporarily changed operational requirements. Production at the factory would be maintained after September by completing the delayed portion of the RAF order.

Scottish Aviation explains that the merit of the proposal from its point of view would be that it would avoid the immediate need to lay down a new batch of civilian aircraft involving investment of "several millions of pounds"—a step which its parent company was unwilling to undertake until there was clarification of the company's future within the Government's aircraft industry nationalisation plans.

Plea for better industrial framework

BY NICHOLAS LESLIE

A PLEA FOR a "more helpful framework" for industry to operate in, with less Government interference and without money being pumped into "chosen firms or sectors" was made yesterday by Sir Reay Geddes, chairman of Dunlop Holdings, the tyres, cables and sports equipment group.

Sir Reay also warned that even if inflation was halved over the next 12 months, Britain might still be in recession while stronger countries were coming out of it.

Sir Reay was speaking at the company's annual meeting in London. Afterwards, he said that if Britain wanted a healthy private sector of industry, the way to get it was to help he efficient companies with the right climate, by such means as easing taxes and price controls, rather than by picking on a few select companies for investing Government funds.

Sir Reay told the annual meeting that the Referendum had been a vote not only for Europe but also for an open economy in trade and payments. Being a company governed by the criteria of the private sector did not make it unduly difficult for Dunlop to be aware of its social responsibilities in and between countries, "but it does mean that we must not be expected to behave like a social service—above all, in our home base."

Dunlop, being in the private sector, held the view that a multitude of individual market decisions was more likely to give people what they wanted than a few centralised points of decision, however wise the decision takers, said Sir Reay.

He pointed to Dunlop's 33 per cent. increase in exports last year as confirmation that British industry was capable of competing successfully, but it "cannot be done by detailed central planning or by pumping money with political strings of one kind or another into some chosen firms or sectors."

Sir Reay Geddes: Industry a unifying force in society.

Of Dunlop's outlook, Sir Reay said: "I cannot hold out hope of exciting results in 1975."

The company would, as a result of Budget measures, save some £3m. in cash due to stock appreciation and it should be further helped by some changes in price code regulations. The group was in a sound liquid position.

Japanese motor-cycle men 'outdistancing U.K.'

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

THE HUGE gap by which the Japanese motorcycle industry has outdistanced the U.K. in its major markets and in terms of investment, research, productivity and other key factors is clearly spelt out in a special study for the Department of Industry.

Carried out by the U.S.-based Boston Consulting Group, of London, whose preliminary report has just been handed to Mr. Eric Varley, Industry Secretary, and the main points of which were reported in the Financial Times yesterday, it shows that:

Honda lost money in the U.K. between 1953 and 1970 while building up a dominant market position, and Kawasaki anticipated losses for four to five years after entering the U.S. market.

"Prices are set at levels designed to achieve market share targets—and will be cut if necessary," the report warns.

"High Japanese production volumes allow big research and development staffs. Honda (including cars) has 1,300, Yamaha 800, Suzuki 500, while Norton Villiers Triumph (U.K.) with a much smaller labour force, has about 100.

"The Japanese have a 'tremendous lead' in advanced production technology. The focus on production engineering extends to component suppliers, with whom motorcycle manufacturers have close relations and some joint buying policies, as for instance Honda and Suzuki for bikes and cars.

"Comparisons of productivity, even if inexact because of differences in product mixes, are greatly in Japanese favour—by five to 10 times in some instances, while value added is four to five times higher.

"While the Japanese introduced eight new models over 440 c.c. between 1968-74, the number of British models dropped from eight to three.

"Whereas in this class of machine the Japanese had 20 per cent. of the U.S. market in 1968 against the U.K.'s 55 per cent., by 1973 the Japanese had 76 per cent. and the U.K. 11 per cent.—and this in a strongly expanding market."

Remorseless

The report presents a statistical picture of remorseless Japanese expansion while the U.K. industry was surrendering even its home market in small capacity machines to importers and retreating into superbike manufacture.

The superbike market in future is thought unlikely to grow faster than the total market, which for the vital U.S. market, representing over 70 per cent. of the world market and about the same proportion for U.K. exports, is put at 3-5 per cent. per annum growth.

Commenting on the report, Mr. Denis Poore, chairman of NVT, which was set up nearly two years ago with almost £5m. of Government aid to rescue the motor cycle industry, said last night that while it was difficult to make accurate comparisons between the Japanese and U.K. industries, the figures pinpointed the wide margins in productivity and other factors.

"That is precisely why the U.K. industry needs high investment if it is to close this productivity gap. But if you cannot make money while you are trying to do this, no one is going to put the money up except the Government."

NVT's strategy for the industry was distorted by an 18-month occupation of the Triumph factory at Meriden, near Coventry, which it planned to close.

This culminated in the establishment by Mr Varley's predecessor, Mr. Anthony Wedgwood Benn (now Energy Secretary), of the Meriden motor cycle co-operative with a near £5m. Government loan.

Since it was formed in Februare, Meriden had doubled output per man over what it was previously, has re-sourced many components, and is about to introduce a machine modified for the U.S. market.

For the first two years, NVT is contracted to sell production from Meriden up to 24,000 machines annually, which it is buying at below £500 each.

NVT is expected to announce this week a decision about possible short-time working and redundancy after the holidays following the recession in the U.S. market, where demand has fallen by 60 per cent. for NVT.

Japanese price hearings Page 4

Teesside fights for new steel plant

BY OUR TEESSIDE CORRESPONDENT

THE GOVERNMENT is to be asked to end uncertainty about the British Steel Corporation's new £1.5m. complex at Redcar, Teesside.

A special conference at Middlesbrough, arranged after a report by the Welsh office of the Labour Party which recommended shelving the Redcar development in favour of steel-making in Wales, yesterday decided to ask the Prime Minister for an immediate statement.

Forty representatives of commerce, industry and local government called for any attempt to divert or rephase BSC investment on Teesside to be resisted.

The Welsh report, described as a background discussion document, urges the BSC to concentrate investment at Shotton in addition to the full-scale development of Port Talbot to a production capacity of 6m. tons.

Welsh lobby

A Teesside report, prepared for yesterday's conference, said it would be dangerous to dismiss the Welsh document lightly because of the strength of the Welsh lobby. The north-east has to work in unison to counter the Welsh arguments.

The report says: "It is easy to understand the concern in Wales for the future and to sympathise with their plight. But the percentage reduction in their total workforce will be less than the reduction suffered in this area."

Teesside needs the jobs created by the steel complex, says the report, because the area has lost about 8,000 jobs over the past six years. It suggests that the project eventually could lead to 18,000 new jobs, 10,000 of which would be created by spin-off industries.

It also argues that, without the Redcar complex, the BSC would not achieve the steel production figures to meet its estimated requirements. It says it is essential that the development is not interrupted and the opportunity lost to challenge the world's leading steel producers.

About £350m. has been committed at Redcar and more than £1m. a week currently is being spent on work employing 2,000 construction workers.

The report spotlights the advantages of continued investment at Redcar and points out the deep water facilities for ships up to 2,000 d.w.t. and a new ore terminal capable of handling 20m. tons a year.

● In South Wales last night Mr. Jack Brooks, leader of the South Glamorgan County Council and a member of the executive of the Welsh Council of Labour said pressure would be maintained on the Government to expand existing steelworks in Wales.

"Nobody in Wales is against the Redcar scheme, but within the financial circumstances in which the country finds itself it only makes sense to get the best out of existing steelworks before embarking on massive new investment elsewhere," he said.

Aims warning on price freeze

"GALLOPING unemployment will result from a price freeze in exchange for flat-rate wage increases," Michael Ivens, Director of Aims for Freedom and Enterprise, said yesterday.

"Our economic situation has passed well beyond the danger stage. A price freeze in the wake of galloping inflation will accelerate bankruptcies and radically increase the need of companies to shed workers in order to survive.

"As Mr. Healey must know, the answer is an end of printing money, vast Government expenditure and galloping wage inflation. We have really got to learn to talk honestly to the trade unions. Speaking to them as if they are idiot children has clearly failed."

Bristol's chief executive

The new £12,000-a-year chief executive of Bristol is to be Mr. Patrick McCarthy, 42, who holds a similar post at Exeter. He will take over responsibility for a staff of 4,800 when the present chief executive, Mr. John Fleming, retires in October.

Mr. McCarthy, an advocate of unitary authorities, believes that the reorganisation of local government was both bad and costly, but adds: "I firmly believe that we have to make it work and I shall do all I can to help."

He was chosen out of 130 applicants for the post.

Council urged to buy Volvos

COUNCILLORS at Ipswich in Suffolk are being urged not to buy British buses because home-made models are too expensive and deliveries too slow. The Public Transport Committee is recommending the council to purchase Swedish-made Volvo buses, which cost £11,500 each—nearly £2,400 less than those produced by British Leyland.

The committee says that Swedish models have been promised within a year, while British Leyland buses would not be available for 18 months.

Restoring company profits 'should be high priority'

BY MICHAEL BLANDEN

RESTORING the profitability of the corporate sector should be a matter of "very high priority" for official policy, it is suggested in the latest monetary bulletin produced by stockbrokers W. Greenwell.

This cannot be achieved in the context of an economic recession, however, the bulletin points out. The only answer is an "all-out" attack on inflation, in an attempt not only to overcome the short-term pressures at present being experienced but also to break the long-term "secular" trend towards increasing inflation which the brokers identify.

The bulletin highlights the weakening trend of company balance sheets both as a result of accelerating inflation and in turn as contributing to further inflation.

The resulting pressure on companies, it argues, is an important factor which is responsible for the authorities having to increase the money supply to prevent unemployment from rising. This causes inflation to accelerate still further.

Interventionist policies as recommended by Mr. Anthony Wedgwood Benn and Mr. Peter Walker, are designed to preserve the country's existing productive capacity and expand it further, it is argued.

But these policies themselves hinder the attack on inflation because they impede the basic force of supply exceeding demand — the fundamental economic relationship which would enable inflation to be attacked by the effects of recession.

If inflation continues to accelerate, it is maintained, balance sheets of the company sector will become even weaker. More and more intervention will then be needed to "prop up" the existing corporate structure.

The best policy is therefore "an all-out attack on inflation." If the secular trend of accelerating inflation can be broken, the bulletin argues, balance sheets can become progressively stronger and many other problems will disappear.

In particular, "accelerating inflation is now the basic cause of rising unemployment." Interventionist policies it is pointed out, can only preserve employment in the public sector and the largest companies in the private sector.

They "cannot preserve the employment of the self-employed and those who work in small- and medium-sized companies."

The bulletin draws attention to the apparent conflict between the solutions to the short-term cyclical economic recession — requiring reflationary action — and to the long-term secular trend to accelerating inflation—which would be further fuelled by increases in the money supply designed to protect employment in the sort term.

In the company sector, the bulletin argues, the combination of the long-term weakening of balance sheets and inadequate profitability is likely to make the corporate sector progressively more reluctant, especially in a recession, to spend money on capital investment and stock-building.

In the U.K., with investment allowances, grants and free depreciation, "the bribes to industry to invest have become greater and greater.". But after each recession the recoverey in manufacturing investment has taken longer and been less strong.

Bass to launch malt liquor in England

BY KENNETH GOODING

ANOTHER BIG brewing group is putting more emphasis on its malt liquor, a product brewed in a similar way to lager but which tastes more like cider or wine.

Bass Charrington, Britain's biggest brewer of beer, is to introduce its "Breaker" brand of malt liquor into parts of England after its successful launch 18 months ago in Scotland.

In the U.S., malt liquor has shown the fastest growth in the beer market, with sales increasing at 20 per cent. a year so that it now accounts for up to 4 per cent. of the total market.

Leading brand in the U.K. is Colt 45, made in Britain by Courage, the Imperial Group's brewing offshoot. The brand owner is the National Brewing Corporation of Baltimore.

Bass's "Breaker" is brewed by its Scottish subsidiary, Tennent Caledonian. It has done well in Scotland against lager, which in that country accounts for four out of every ten pints of beer sold.

"Breaker" will retail at around 25p in supermarket-style outlets against about 16p a can for Colt 45.

Replacement cover in new Lloyd's house insurance

BY ERIC SHORT

LLOYD'S has announced a new standard form of householder's insurance policy under which an individual can insure his house and all its contents, including jewellery, furs, television and deep freeze, within one contract.

The cover afforded by the policy has been substantially increased from the previous contract, to include the provision of substantial "new-for-old" coverage whereby items that are less than three years old are insured at the cost to replace them rather than at the depreciation value.

The policy raises the limits for public and personal liability from £100,000 to £250,000 and insurance against subsidence is now included for the first time.

Lloyd's Underwriters' Non-Marine Association have also revised the layout and language of the standard policy document to make it easily readable and readily understandable.

There are some 70 non-marine underwriting syndicates operating at Lloyd's. The general standard of this type of policy is the same throughout, but there are minor differences in cover provided by each syndicate. Premiums are quoted by each syndicate on an individual basis in the light of the circumstances of each policy. Business at Lloyd's, however, can only be done through a firm of Lloyd's brokers.

BSC backs complaint against Italsider prices

BY CHARLES SMITH

BRITISH STEEL Corporation has united with the U.K. private sector to complain to the European Commission that Italsider, the Italian steel manufacturer, is "unfairly" undercutting BSC prices.

Mr. Selwyn Williams, a director of the British Independent Steel Producers' Association, said last night this was the first time the U.K. industry had resorted to such action under the long-standing Treaty of Paris. World steel is undergoing what is widely regarded as its worst recession since the war.

Mr. Williams said the Commission had indicated that under article 60 of the treaty steps would be taken to tighten supervision of pricing policies, in addition to issuing production targets.

In a telex to the pricing control section of the European Commission, in Brussels, Mr. Williams complains about: "offers to U.K. customers, apparently from a Community steel producer, at prices and conditions which neither align on to any U.K. producers list, nor refer to any third country offer on which alignment is being proposed."

The material being offered included hot rolled mild steel products at prices of between £15 and £20 below current BSC levels. Mr. Williams claimed the offer also stated "it may be possible to arrange extended credit by negotiation."

He said the material was for rolling in July and the offer was issued by Siderital, in London, which he understood acted for Italsider exports.

BSC has supported BISPA's complaint to the Commission and called for "urgent action to be taken to end practices in contravention of article 60."

Mr. Sergio Biseu, managing director of Siderital, last night denied the allegation about pricing and declined to comment upon the claim that extended credit had been offered.

He maintained that Siderital was a merchanting operation handling imports from many different countries and that Italsider was only one of its clients.

WOOD POWER

Ocker Hill, Tipton, Staffs., has become Britain's first wood-fired power station. It has been taking 200 tons of wood chips each week from a Shropshire sawmill which could not dispose of the wood because of a slump in demand.

Mr. Albert Royce, a fuel supplies officer for the Midlands Region of the CEGB, said: "If anyone comes along with an unusual fuel, we will always have a look at it. We found we could mix the chips with our coal."

RUC measures to halt killings

BY OUR OWN CORRESPONDENT

BELFAST, June 23.

THE ROYAL Ulster Constabulary is to announce new measures later this week in a bid to halt the worsening cycle of violence, which this week-end left another five people dead in a series of random shootings.

The new moves were announced by the Chief Constable, Sir Jamie Flanagan, after he and other security chiefs met Mr. Merlyn Rees, the Ulster Secretary, to discuss the situation.

Mr. Rees spoke afterwards of the problems faced by the police when murders were committed by groups of the most criminal kind and with no political motivation.

Ulster politicians, who are taking the first tentative steps to reach an accommodation in the constitutional convention, united to-day to condemn the latest killings. Apart from natural horror, it is also feared that any hope of political progress will be dashed by continued violence.

Mr. Paddy Devlin of the SDLP, claimed the assassinations were part of a deliberate and deadly act, coldly planned by one of the Loyalist para-military forces, in an attempt to reassert a controlling influence over certain politicians in the Unionist coalition.

He claimed that members of the Ulster Volunteer Force, under the pseudonym of the Protestant Action Force, were mainly responsible, and this had activated a fringe group of so-called Republicans to carry out reprisals on innocent Protestants.

Many observers would agree with the bulk of Mr. Devlin's analysis although Unionist politicians, in their condemnation, were less willing to apportion blame. But Mr. Thomas Passmore, head of the Orange Order in Belfast, said the people involved in this kind of killing had no right to call themselves Protestants.

The Official Unionist Party said condemnation of violence, no matter from what source, must be absolute, while members of Alliance and Vanguard parties called for a curfew to be imposed in the areas where killings were taking place.

Oil Exploration plans Dutch sector drilling

OIL EXPLORATION (Holdings), the Scottish-based exploration investment group with wide interests in the U.K. off-shore, has re-entered the Dutch North Sea sector.

Under a deal announced yesterday, the company is to take a 50 per cent. interest in the Amoco consortium's F/16 block in exchange for the drilling of an exploration well.

The block is situated less than 20 miles west of Shell/Esso's L/2 gas find and Tenneco's F/18 oil discovery, and is believed to contain a large structure in the Danian and Upper Cretaceous chalk horizon.

It is in this section that sizable reserves of oil and gas have already been estbalished further north in the Danish and Norwegian sectors of the North Sea. In spite of some intriguing shows of gas in the Dutch sector, however, the Danian chalk has yet to reveal a commercial field further south and the well on block F/16 will therefore prove particularly interesting from the geological point of view.

Besides being a fairly large structure by Dutch standards, the site is also well placed, at around 50 miles north of the Placid L/10 gas field, to join into existing pipeline facilities to the shore.

Drilling on the block, using the jack-up rig Zapata explorer, is due to start later this week. This is the first well in which Oil Exploration, which sold its Dutch exploration interests some years ago, will act as operator.

The group, which is based in Edinburgh, already has a share in gas production from the U.K. Hewett Field as well as a small share in the recently discovered Andrew Field through its participation in the Phillips consortium in the U.K. North Sea.

In other North Sea news, British Petroleum has now started development drilling on its all-important Forties Field and is planning to install its fourth and final platform on the field within the next week.

Suez re-opening cuts freight surcharge

BY JAMES McDONALD, SHIPPING CORRESPONDENT

MEMBER shipping lines of the U.K.-Sudan Conference have announced that, as from June 16, following re-opening of the Suez Canal, they are reducing the existing Cape deviation surcharge on freights from 50 per cent. to 30 per cent. "as an interim measure."

"This reduced surcharge takes into account the level of the canal dues and insurance costs, against which have been offset the savings in time and fuel which can be achieved by using the canal route," adds the conference.

From the same date the bunker surcharge is being reduced from 11.83 per cent. to 7 per cent., and this will apply on the sum of the gross freight and the deviation surcharge. The intention is to incorporate the surcharges into the basic tariff rates of freight as soon as possible.

The conferences between Europe and Ceylon have reduced the surcharge—again an interim adjustment—from 13½ per cent. to 8 per cent.

Some other conferences, however, are being slower to reduce surcharges. The Europe-East Africa Conference, for example, has announced that its current deviation surcharge is being maintained pending a consideration of such factors as canal dues and insurance costs, against which must be set the savings in time and fuel compared with travelling round the Cape.

Savings

Substantial savings in costs at British Transport Docks Board ports have been achieved as a result of investigations into dredging and siltation problems by the Board's research station, says the Board's 1974 report on research.

Mr. Don Jones, the Board's chief engineer, says: "We have carried out dredging and siltation studies at Garston and in the Humber estuary, where considerable savings in dredging costs have resulted and studies have led to a better understanding of the mechanics of siltation and dredging.

"We are now looking at further lines of dredging research which can also be applied to other ports."

Ways of achieving deeper water at Immingham have been investigated during a series of tests carried out on the Humber tidal model. The tests were necessary because of the growing size of ships coming up the Humber to Immingham. Preliminary results showed that, by dredging along the south side of the estuary and the construction of a training wall, navigation depths could be improved along the Immingham waterfront without a corresponding increase in siltation.

Research ship

A new kind of research ship, combining the roles of oceanographic trials and specialised cable laying, will be launched to-morrow from the Greenock dockyard of Scott's Shipbuilding, part of the Scott Lithgow group.

The ship, to be named RMAS Newton, after Sir Isaac Newton, will be operated by the Royal Maritime Auxiliary Service, which has charge of a variety of civilian manned vessels providing services both to the Royal Navy and in support of naval research.

She will have four laboratories for scientific work, seven different winches for overside experiments, and a high definition echo sounder. She will be capable of laying, recovering and repairing submarine cables. Of 3,940 deep displacement tons, Newton will be manned by 12 officers and 37 ratings of the RMAS and will have accommodation for 12 trials and scientific staff.

Bristol Channel Ship Repairers, which has spent £108,000 on a campaign to fight a State take-over, is to make 89 workers redundant, it was announced yesterday. The jobs will be lost at the Cardiff, Barry, Newport, and Swansea yards.

A company official said: "The redundancies are due to a world slump and have nothing to do with our advertising campaign. We will continue to oppose any nationalisation plans."

RAILWAY TERRACE

A former railway yard at Crookston, Glasgow, is to be used for a £1m. council housing development.

Plans approved yesterday are for the building of terraced houses and flats with an overall average cost of £9,800 for the flats and £11,713 for the terraced houses.

Free Enterprise Award for Sir Keith Joseph

SIR KEITH JOSEPH, Conservative Party "shadow" Minister for Policy, is to receive the Free Enterprise Award for 1975.

This was decided by a committee set up by Aims for Freedom and Enterprise to make the award to the man or woman whose work, writings or speeches had contributed most during the year to free enterprise, a spokesman said in London.

The award, a silver sculpture by a leading silversmith, Christopher Lawrence, will be presented to Sir Keith by Mrs. Margaret Thatcher, Leader of the Opposition, at a special lunch and meeting at the Europa Hotel, London, on Free Enterprise Day, next Tuesday (July 1).

The sculpture portrays in an abstract form freedom and loss of freedom, and the award will be presented annually, said the spokesman.

A special award is being presented by Mrs. Thatcher to the Finnish Free Enterprise Central Organisation, Yrittajain Keskusliitto, which has sponsored Free Enterprise weeks in Finland for more than 40 years.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SECURITY

Clever pen detects the forger

BALLPOINT pens that "know" when forgers are using them may sound gimmicky but could be of great value in banking and other security situations.

Preliminary laboratory tests indicate the pens are hard to fool, according to Stanford Research Institute.

Resembling an ordinary ballpoint, the device is wired to a computer that recognises the patterns of pressure and motion that the signer makes as a signature is written. The system requires a would-be forger to duplicate the signer's dynamic motions as well as the physical appearance of the signature. In most cases the forger would not have been able to watch and study such motions.

The pen can also be used for entering data into computers. Xebec Systems, Inc. of California, under licence from SRI, is developing a data entry system using the pen and expects to deliver its first products this year.

SRI's system has the edge on other possible systems of automatic personal identification. For example, signature verification is already a widely accepted means of identification. Also, the device requires the would-be forger to duplicate both the pressure and the motion patterns of the pen that result as a person writes his name. This makes it harder to beat than systems that detect, for example, only the instantaneous pressure. Finally, the SRI system is inexpensive, using conventional electronics, and is capable of being mass produced.

With zero representing a perfect match, the SRI system rates the deviation of a signature from the original. People duplicate their own signatures with an error of 2.0 or less, since no one can write his or her own signature exactly the same way twice. The best forger cannot get closer than a score of three or four.

SRI is currently looking for manufacturers who would market systems based on this device under a licence agreement.

Stanford is at Menlo Park, California 94025, U.S., and the scientist responsible is Dr. Hewitt Crane.

● PROCESSING

Shapes and cuts many materials

ROBUST construction is a feature of a range of carbon dioxide lasers developed by Laser Technique, a company specialising in the design and manufacture of complete systems for materials working.

At present available with nominal continuous wave (cw) outputs of 100W and 200W (maximum 120 and 240W), the power range is being extended down to 50 and up to 500W.

Applications cover a range of industries and processes, such as simple cutting of metals up to 2.5mm thick, plastics up to several cm thick, and profiling rubber and cloth—laser or workpiece can be tracked.

For example, the laser will scribe ceramic substrates used for thick film electronic circuits. Used in the pulsed mode, it drills a series of small holes up to one-third of the way through the ceramic, when it is possible to break the substrate along the line of holes.

Other pulsed applications include drilling small holes (0.1mm dia. upwards) in complex patterns, or where the workpiece is moving fast and cannot be stopped. Here the laser beam can be scanned to keep pace with the workpiece while drilling the hole.

The beam can be rapidly switched on and off, in response to cutting signals. This mode can be used for producing complex patterns in printing rollers.

The laser is mounted in a rectangular steel tube with 6 mm thick walls, providing mechanical protection and rigidity. Components generating heat in the laser head are fluid cooled, enabling the head to be completely sealed against contamination.

High power densities are achieved by focusing the beam to a small diameter (0.05 mm minimum). The laser can be operated in either the CW or pulsed mode with frequencies up to 1 kHz at various pulse widths. Single pulses or a continuous stream can be selected, or the output can be rapidly switched from an external trigger.

Accessories such as shutter units, calorimeters, and various types of cutting heads complete with focusing optics, are available.

The maker, subsidiary of a Swiss company, is at Portland Trading Estate, Arlesey, Bedfordshire, SG15 6SG (0462 732155).

● MATERIALS

Structural adhesive

A TWO-PART adhesive having a 2-4 minute work life, fast room temperature curing, and high peel and elongation properties, is being marketed by 3M United Kingdom, 3M House, Wigmore Street, London W1A 1ET (01-486 5522).

Known as Scotch-Weld Structural Adhesive 3535 B/A, it achieves sufficient shear strength in 15 minutes to permit handling, develops 50 per cent. shear strength in an hour and 100 per cent. (1,800 psi) in three. Heat (150 degrees F) will reduce curing to an hour.

It is stated to produce strong, flexible, impact resistant bonds between aluminium, steel, stainless steel, painted metal, copper, wood, plywood, leather, rubber, cloth, concrete and a wide range of plastics from pvc and etched polyethylene polycarbonate to acrylics and phenolics.

The equal-mix components have a low viscosity for easy mixing, but develop a non-sag consistency permitting application to vertical surfaces without flowing. It maintains its strength from minus 40 to plus 180 degrees F, and is weather and chemical resistant.

The adhesive can be applied by hand or automatic metering and mixing equipment, requires application to only one surface, and will cure between both porous and non-porous surfaces in any film thickness.

Two-ounce tube kits for evaluation purposes are available.

● PACKAGING

Plastic bag printer

CONVERTERS AND packaging companies, as well as medium and large users of flexible film packaging, may be interested in a fast, low-cost printer for one or two colours designed to work in-line with automatic bag-making and converting machinery. It can also be used as an additional print unit and for reverse printing on other flexographic machines or easily converted to work as a coating unit.

Introduced to the British market by Chilton Machinery (Cowan de Groot) the Padane Fasto in-line printer is modular and, according to the company, is available from around £5,000 for the basic unit right up to some £35,000 for the full printer linked to a bag-maker fitted with a slit/seal system.

This provides even small companies with the opportunity to get into print for a relatively low initial investment by coupling the new Padane printer with their existing bag-making or lay-flat tubing and sheeting machinery with the option to extend capacity later.

Chilton is at 2, Queen Mary's Works, Queen Mary's Ave., Watford, Herts. Watford 25978.

● TRANSPORT

Hauls big trailers

TO BE introduced from West Germany on the U.K. market is a M.A.N. 4 x 2 tractor unit, powered by a naturally aspirated V10 diesel engine, developing 330 bhp at 2,500 rpm. It is intended for semi-trailer units of 43.3 tons gvw. for trans-Continental work.

Power is transmitted through a single 16.9 in. diameter single dry plate clutch and a Fuller RTO 9513 range change twin countershaft gearbox with 13 forward and two reverse speeds. The vehicle is mounted on 12.00 x 20 radial tyres and incorporates power assisted steering and a 13 tonne capacity hub reduction heavy duty rear axle.

Standard fitting is a forward control, double bunk sleeper, tilt cab. Driver and passenger seats have hydraulic suspension, and the passenger seat has arm and head rests—VHF radio and 8-track stereo is included.

Full cam air brakes and three line air trailer braking system allows compatability with existing semi-trailers and is stated to meet both U.K. and EEC legislation.

M.A.N. Concessionaires GB, 361-365, Chiswick High Road, London W4 (01-995 3131).

● ELECTRONICS

Forecourt automated

ELECTRONIC petrol pump equipment developed by the Ferranti Rotating Components Group at Dalkeith in Scotland could improve service on filling station forecourts. The system, Autocourt 3100, provides for the first time, gallonage, price and grade of petrol controlled and displayed entirely by electronic circuits. A prototype is currently being evaluated at an Esso garage on the outskirts of Edinburgh.

Autocourt offers oil companies flexibility. It is easy to instal, operate and maintain and has decentralised electronics. Thus a fault in the kiosk control unit or in one dispenser does not close the whole station. Only four underground wires which loop into each dispenser are needed to control all functions.

Because the system is modular, it can be easily adapted for manual or self-service use, single or multi-grade petrol dispensing, Imperial or metric measuring. And the calculating unit can easily cope with frequent petrol price changes.

Because the conventional mechanical pump unit can now be out of sight instead of dominating the forecourt, oil companies will have much more scope for creating spacious, well-planned layouts and for projecting a stronger corporate image. Only the small, compact Ferranti dispensing units need be where the petrol is actually poured.

Autocourt can form part of a conventional attendant-supervised filling station or may be integrated into self-service pre-payment or post-payment systems.

Rotating Components is at Thornybank, Dalkeith, Midlothian, EH22 2NG.

● METALWORKING

A welder peers between the flukes of a 1-ton Stevin anchor being manufactured at the Erith, Kent, works of Fielding and Bacon. Anchors of this type are used for oil rig platforms, pipelaying barges and dredges. Air Products' Apachi cutting gas and argon/CO2 welding gas mixtures are used when manufacturing the anchor which has an anchoring power 34 times its own weight in hard packed sand. The fluke areas carry the anchor downwards and further into the seabed the more it is dragged forward.

Advances in Swedish tooling

CUTTING TOOLS on automatic lathes have to be changed manually when they are blunt—a time consuming costly job, especially when the machine tool is incorporated in line production where almost every other action is mechanised.

Sandvik has introduced a fully automatic insert changing toolholder called the T-Max Automatic. Three operations—the loosening, change and fastening—of a carbide insert are carried out mechanically on order from the control system of the machine.

Inserts can be changed either on a count of the number of components produced, on a set amount of tool wear, on an increase in cutting forces caused by tool wear, or on machining time: the choice of initiator would depend on the machine tool manufacturer and the application.

The device is a copying tool with a 55 deg. nose angle and a 90 deg. approach angle. The mechanism is activated by a hydraulic cylinder in the assembly, connected to the machine tool's hydraulic system.

The inserts have one cutting edge, and are contained in a magazine which holds ten inserts. Inserts are positioned with an accuracy of about 0.01 mm and have a length tolerance of ±0.02 mm. Change of insert takes about 1½ seconds.

The T-Max Automatic is primarily intended for use in copying lathes with automatic handling of work-pieces. To obtain major benefit from the device, the whole or most of the machining should be carried out by it, and tools needing frequent manual adjustment should not be used on the same machine tool.

Not intended for retro-fitting, the device will only be supplied to machine tool builders, and will be fully available in the U.K. by the end of next month. First installation in this country will be on a Churchill lathe.

Sandvik has further developed its Auto-Cap milling cutter. The cutter is in two parts, the support body, permanently mounted on the machine tool spindle, and the cutter body, in the form of a light shell, attached to the support with only one screw, which speeds cutter changing.

Known as the Auto Flex Cap (available in the U.K. later this year), the latest development overcomes the problem of grinding the cutters parallel to the workpiece. The cutter shell has been made flexible and any standard spindle inclination can be compensated by inserting shims between the shell and the support.

When the shell is screwed into place it flexes, and by adjusting the position of the spacers against the support, the cutting inserts can be trimmed parallel to the surface to be machined. Once the spacers have been positioned, each new cutter shell mounted on the support body will take up the correct angle, to within six microns.

Both these cutting tools are on display this week at the EMO machine tool exhibition in Paris on the Sandvik and other stands.

The company's U.K. office is at Manor Way, Halesowen, West Midlands (021-550 4700).

● DATA PROCESSING

Capturing data in batches

WEST EUROPE'S market for batch data entry equipment, valued at £221m. last year, will increase to £279m. by 1983, according to Frost and Sullivan. It finds that sales over the ten-year period will total £2,632m.

Four countries — Germany (with 35.6 per cent.), France (20), Britain (13.5) and Italy (10.2)—will comprise almost 80 per cent. of the market for batch data entry equipment over the next decade. Benelux will account for 7.7 per cent., Scandinavia 6.2, Switzerland 4.4 and other West European countries for 3.4 per cent. of the market.

Underlying the growth is the forecast increase in the installations of large and medium general-purpose computers. These will increase from 32,000 systems in 1973 to a projected 85,000 by 1983 for the 16 West European countries covered by Frost and Sullivan's 280-page study.

Some 1.25m. keyboards or equivalent devices for data entry will be installed over the ten-year period, 39 per cent. going to remote sites and 61 per cent. to data preparation centres associated with computer sites. Batch data entry sales will increase until 1980 and thereafter will stay at a relatively constant level with net shipments rapidly dropping as the sector becomes an almost entirely replacement-type market.

Despite the dominance of well-entrenched suppliers, the market for data entry systems is so large and with such diverse requirements from users that there is still plenty of opportunity for the small manufacturer.

Currently accounting for 73 per cent. of installed keyboards, keypunch sales to 1983 will be £659m., corresponding to 315,500 units or 27.5 per cent. of all batch data entry systems sales. However, they are rapidly becoming a 100 per cent. replacement market and by 1977 it is expected that their installed base will start to decrease.

Deliveries of key-to-tape units will drop from last year's 1.5 per cent. of batch data entry sales to less than 1 per cent. in 1983 and will total only £29m. over the ten-year period.

The most popular type of new installation is shared processor key-to-disc, with over 13 major manufacturers vying for market shares. The rate of growth has been phenomenal in a period of approximately five years. Net shipments will peak in 1977 and fall off thereafter to zero by 1983 because users plan to displace off-line data entry systems with on-line direct data entry wherever possible. Despite that, shared processor systems are the next largest sector of the market, 23 per cent., with predicted sales of £562m. in the decade to 1983.

Sales of keyboard to cassette/diskette will multiply 15-fold from last year's £5m. to £71m. by 1983 and will total £422m. during the ten-year period. Unit sales, at present 2 per cent. of the market, will increase to 23 per cent. by 1983 with a predicted base then of 134,000 keyboards.

Sales of optical readers still remain very far short of the original optimistic estimates, the study points out. There appears to be little likelihood of significant growth and, from last year's level, deliveries are expected to be 41 per cent. down in 1978 and 28 per cent. down in 1983. Total sales of £734m. are foreshadowed over the ten-year period.

BAS Industrial Consultants, Mile Ash, Radlett, Herts. Radlett 6376.

● HAND TO

Tighten bolts wi accurac

RUBERY OWEN F now has a licence market the React-A system from Hi-Sh tion of California consists of a non-i matically powered wrench and associ methods.

Among benefits compactness in relat output, combinatio tightening and torqu a single operation, ar to take the load of

The system is meet the bolt assem structural or mediu industries where bolted joint realiabi tial. Consistently torque-tension in a provided by the sy to eliminate the nee tor judgment or fe use of torque measu

Very high torqu applied to threade without the usua reaction" associated impact type tools.

Initially the RM covering bolt dia ½-1 inch and a torq 100-700 lbf ft. is be This is claimed to 1 inch diameter bolt make-up joint in th

LABOUR NEWS

Moderates seek to save voluntary pay policy

BY CHRISTIAN TYLER, LABOUR STAFF

MODERATE TRADE union leaders hope this week to make good some of the damage done to prospects for continued voluntary wage restraint by the Amalgamated Union of Engineering Workers rejection of the social contract at its annual conference last week.

Supporters of voluntary wage restraint will be trying to head off a further blow to its credibility from the AUEW at the annual meeting of the Confederation of Shipbuilding and Engineering Unions which starts in Hastings to-day.

Although the four sections of the AUEW together make up the biggest voting block at the Confederation conference, normally dominating the proceedings, it is not clear whether the AUEW will succeed in pushing through its hard line when wage restraint is debated, probably to-morrow.

This is partly because others of the 22 unions — notably the Transport and General Workers, the General and Municipal Workers and the Electrical and Plumbing Trades, who all support the social contract—have increased their affiliation and may have enough voting power to withstand the AUEW's 1.5m. card vote.

The confrontation could come over a resolution put down by the AUEW supervisory section (TASS) which says that the conference should oppose "any Government interference with free collective bargaining." — although this may not lead to a vote on the social contract itself.

Living standards

It says that efforts by trade unions to defend or advance living standards are not the cause of Britain's crisis and consequent inflation.

Although voting at the CSEU does not bind any of the 22 unions except on common wage claims, a victory for supporters of voluntary restraint would clearly be a substantial and timely filip for the TUC as it goes all-out for a credible alternative to Government intervention.

Mr. Jack Jones, general secretary of the TGWU was in Hastings last night for an eve-of-conference dinner, giving him a chance to muster support for the social contract.

Meanwhile yesterday the national executive of the confederation decided to write to Mr. Eric Varley, Industry Secretary, expressing their concern at the apparent delay in getting a second reading for the Bill to nationalise the shipbuilding and aircraft industries.

It is asking for a meeting next week. The CSEU is pressing for "Vesting Day" to be January 1 as originally envisaged by Mr. Anthony Wedgwood Benn, Mr. Varley's predecessor.

Mr. Benn, now Energy Secretary, will be addressing the Conference to-morrow—the same day as the debate on North Sea oil, when the conference is being asked to campaign for the nationalisation of all North Sea activities.

● Britain's second largest teachers' union, the 65,000 strong National Association of School Masters, warned yesterday that the collapse of the Social contract would lead to a "clobbering" of the public sector over pay.

Reyrolle offer rejected

By Our Labour Staff

THE 11,000 workers at the Tyneside plants of the Reyrolle Parsons group have rejected a pay offer which would give them 8 per cent. more over the next six months.

Representatives of 700 white-collar engineering workers at Reyrolle's Hebburn factory yesterday handed the company four weeks' notice of strike action. They also began a work-to-rule following a walk-out lasting 1½ days last week.

The white-collar workers, members of the Technical and Supervisory Section (TASS) of the Amalgamated Union of Engineering Workers, want about 20 per cent. They say this would be necessary to protect them from cost of living rises, after taking into account income tax.

They say they are reluctant to go through procedure before taking action because they fear a pay freeze is imminent.

Other unions and TASS members at the Newcastle factory of Parsons are prepared to go along with procedure for the time being.

The company said that the 8 per cent. offer due to take effect from August 1 would give TASS members 26 per cent. since last August.

Many new teachers 'will have no jobs'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THERE WILL be no job for about one in every six of the 36,000 new teachers due to leave the training colleges this summer, Mr. Sam Fisher, chairman of the National Union of Teachers' education committee, said in London last night.

The prospects seemed even worse for the approximately similar number of teachers who would finish their training in 1976, he declared after an NUT deputation had met Mr. Fred Mulley, the new Secretary for Education and Science.

Mr. Fisher added that the union had gathered that Mr. Mulley's Department, which had previously been optimistic about prospects for this year's teacher-output, had now changed its view. "We sensed that officials have become distinctly less optimistic in their attitude."

The NUT is to furnish Mr. Mulley with evidence on local education authorities which have decided not to take up their full quota of new teachers, in the hope that the Education Secretary will try to persuade these authorities to change their minds.

Mr. Fisher said that in an effort to forestall large-scale joblessness among the teachers who would be leaving the colleges next year, the union was planning to press for the local authorities to be given "earmarked" grants to provide in-service training and other measures to help absorb the surplus staff.

Bank workers apply to rejoin TUC

THE National Union of Bank Employees, one of the few major unions still outside the TUC after being expelled for registering under the Tory Industrial Relations Act, has now applied to rejoin the movement.

The application was made in a letter from NUBE general secretary Leif Mills to Mr. Len Murray, the TUC general secretary, after NUBE's annual conference voted overwhelmingly in favour of re-affiliation in April.

One of the reasons NUBE stayed out for so long — most other unions expelled have by now rejoined the TUC — was that it was engaged in merger talks with the bank staff associations many of whom do not favour TUC membership. These talks have now been put on ice, freeing NUBE's hand on its relations with the TUC.

But the 100,000-strong union does not intend to rejoin the TUC on any terms. A final decision will be made by its executive only after the TUC has replied to Mr. Mills' letter, a union spokesman said.

NUBE does not want to commit itself now to paying the TUC some £30,000 affiliation fees for the 3-year period it was suspended and expelled. All the other unions who have rejoined had to pay up for that period.

Yesterday the TUC finance and general purposes committee considered NUBE's application which will now go through the normal process of consulting other unions to see whether they have any objections to NUBE's reaffiliation. The union will, however, be informed that it must pay its back reaffiliation fees.

Women 'face prejudice at work'

HIDDEN and often even unconscious opposition to giving women equal opportunities at work have been revealed by a special study just completed for the Government. It found for example, that most people responsible for hiring and firing start from the assumption that women applicants were likely to be inferior to men in all qualities considered important.

This went as far as assuming that men are more likely than women to have taken "O" levels, to have good looks and a pleasant personality—all qualities which, the Department said, "common sense would indicate are as likely to be found in women as in men."

A few of the managements questioned for the study openly admitted that they would not consider women for senior appointments anyway, the Department said. But the importance of prejudice is underlined by the fact that many managements expressed doubts whether suitably qualified women could be found.

Newspaper seeks recruits to replace strikers

THE SHARMAN newspaper group of Peterborough yesterday began recruiting new labour to replace 40 print workers who have been picketing the factory gates for the past five weeks in a dispute over the installation of new type-setting equipment which they claim will lead to redundancies.

This is the latest move in a bitter dispute between the company and the National Graphical Association which looks like becoming even more bitter.

Last night Mr. Ron Harris, NGA national officer, said that the union was stepping up its campaign against Sharman by "blacking" companies that continued to place advertising with Sharman during the dispute.

The NGA, he said, already had the support of Transport and General Workers Union haulage drivers, a move which would prevent Sharman from receiving any further newsprint supplies.

He also decried management tactics of offering 14 of the strikers their jobs back and said that all of them had declined the offer. Managing director Mr. John Sharman said, however, that he had received "a few replies," but assumed that the remainder of the men were "no longer interested in coming back to work."

The dispute centres on the introduction of new computerised Optical Character Recognition type-setting equipment without adequate consultation.

Worried that the new technology will mean many redundancies among its members, the NGA wants a national agreement with employers and the National Union of Journalists to allow NGA members to man keyboards in the new equipment.

Experiments have been under way at four newspapers using equipment borrowed from manufacturers as part of a move towards such an agreement. However, these have been halted by a separate national pay dispute between the NGA and the British Printing Industries Federation and the Newspaper Society.

Last night, following day-long talks with the employers, NGA officials decided to instruct NGA members to lift a six-week-old campaign of sanctions following acceptance by ballot of a pay offer which will improve craftsmen's rates by 32.5 per cent. by November.

25% agreed for power supply managers

Pay increases of around 25 per cent have been agreed for 1,700 managers in the electricity supply industry under a deal backdated to April 1. The increases include consolidation of cost-of-living threshold payments already being received and come on top of existing salaries ranging from £4,478 to £8,450.

Those covered include district managers, power station superintendents and senior accountancy staff.

Car industry participation urged

BY OUR LABOUR CORRESPONDENT

GENUINE WORKER participation in both the making and implementing of decisions presents the best hope of improving industrial relations in the motor industry according to the Association of Scientific Technical and Managerial Staffs.

In written evidence to the House of Commons Select Committee on the motor vehicle industry, to be supported by oral evidence to-day, ASTMS also calls for selective import controls on Japanese cars, centralisation of research and development, and discussion between the Government and both sides of industry on a broad plan for the future development of the industry.

ASTMS feels that possibly the greatest industrial relations gains could be achieved by "a completely new approach on disclosure of information" and the abandonment of the "managerial prerogative" right down the line.

A feeling that all levels of management were committed to mutual consent on all aspects of policy would help undo 50 years of unfortunate history, says ASTMS, adding that it believed industrial relations would improve if local management had full authority to deal with domestic issues.

Import restrictions, to enable the industry to gear up to an internationally competitive standard, were necessary following long years of underinvestment which left the industry "no longer competitive in international terms."

ASTMS is also critical of the "massive obstacles" faced by British companies wishing to export to Japan. A policy of selective imports against Japanese cars would serve to possibly improve the U.K. balance of payments and at the same time pressure the Japanese Government to relax its restrictive home policy, the union argues.

Without centralisation of research and development especially on safety and pollution ASTMS cannot see how British cars can hope to compete, particularly in the U.S. market.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

PARLIAMENT

Damaging rail strike avoided, says Minister

Foot rejects Tory accusations of surrender to militancy

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

MR. MICHAEL FOOT, Employment Secretary, heated and defiant in his defence of last week's 29.8 per cent. rail pay settlement, dismissed contentions in the Commons yesterday that the social contract was now a dead letter and equally vehemently denied that proposals for strengthened guidelines were "so much gobbledegook."

Drawn into acknowledging that the settlement was outside the present guidelines, Mr. Foot waved aside the interventions of incredulous Tories who accused him of a humiliating surrender to militancy.

He advised the cynics that the only practicable pay policy was not one of force and statutory provision, but a policy of "consent and persuasion."

"This was the way the Government was seeking to follow in its discussions with the trade unions and others on how "we may produce a better observance of the guidelines in future than we have had in the past."

MR. MICHAEL FOOT
"Consent and persuasion"

Shame

It was a view which clearly had the approval of Labour Left-wingers when Mr. Foot made a statement on the outcome of British Rail's negotiations with the National Union of Railwaymen. But there was evident anxiety in the reaction of most Labour MPs to the barrage of Opposition criticism of Government pay policy.

The Government was making itself an international joke by punctuating strong and abrasive week-end speeches with submission to settlements it deplored, Mr. Foot was told.

Mr. James Prior, "shadow" Employment Secretary, considered that the Minister should feel shame at his inaction in dealing with the inflationary wage situation, because it meant that thousands more people were going to be out of work this winter, including a large number of school-leavers.

"How can it be fair if the Government gives way to the strong and hammers the weak?" Mr. Prior demanded.

Mr. Foot retorted that this was a caricature of the situation.

He stressed in his statement that British Rail had made it clear that the cost of the settlement would have to be met by economies and improvements in productivity "which would be worked out by the Board in consultation with the unions."

From the Tory backbenches he was told that the settlement had "undermined the authority of wage arbitration and the credibility of the ASLEF and TSSA leaders who had been prepared to honour the original award. It was obvious that "militancy paid handsome dividends."

Manpower

Mr. Foot protested that such a contention was a travesty of the situation. The real situation, according to British Rail, was that the extra cost would have to come from "the taxpayer, productivity or from rearrangements of manpower."

Tory MPs were showing that they were quite prepared to have a national strike of the most disastrous proportions, Mr. Foot declared.

Mr. Gordon Bagier (Lab., Sunderland S.), intervened to maintain that the settlement was one of the lowest reached in the public sector in the last 12 months—a suggestion that provoked further criticism from the Opposition.

Liberal spokesman on employment, Mr. Cyril Smith, joined in with a request to know if the NUR had given any assurance that it would take part in meaningful discussions on manpower with British Rail.

Mr. JAMES PRIOR
"Giving way to strong"

Mr. Foot said he was sure that the NUR would be prepared to do so in the future as it had been in the past. He agreed with a backbench Labour intervention that a highly damaging strike had been avoided, and that pay awards in many other parts of the public sector had been well within the terms of the social contract.

Mr. James Lamond (Lab. Oldham E) said that the very people who were now urging that the Government should have had a brutal confrontation with the railway workers were the same people who had called on Mr. Foot to interfere when the signalmen had held one-day strikes.

Mr. Foot said that the Government had restored collective bargaining and could not interfere with it right and left.

Pay bill

In his statement on the settlement Mr. Foot said that British Rail estimated the cost of the award, which included consolidation of threshold payments valued at £4.40, would be 29.8 per cent. in the current year.

The cost to the industry's pay bill would be £123m.—some £9.3m. higher than the cost of the railway staff national tribunal award.

There was Tory laughter when Mr. Foot said: "The House will join me in welcoming that the two sides reached an agreement by negotiation." But this was overtaken by Labour cheers when he added: "... and that a damaging rail strike has thus been avoided."

Mr. Foot said that the Government would have preferred a settlement to be reached on the basis recommended by the tribunal, even though the settlement was significantly less than the NUR claim.

In making its original offer, British Rail had drawn attention to the serious financial problems facing the industry and had made it clear that the cost of the settlement would have to be met by economies and improvements in productivity which would be worked out by the Board in consultation with the unions.

Selective import controls can be studied—Shore

BY JOHN HUNT

ALTHOUGH THE Government remain firmly opposed to across-the-board import controls, it is prepared to consider the use of selective import controls on their merits, Mr. Peter Shore, Trade Secretary, told the Commons yesterday.

He emphasised the need to correct our large trade deficit with the EEC and appealed to British businessmen to make an all-out effort to export to the Community countries.

In addition, he saw the need to encourage domestic import substitution as an important factor in improving our balance of payments.

Mr. Shore, who was a leading anti-Common Market Minister during the referendum campaign, announced that he is to attend the Council of Ministers meeting in Luxembourg to-day —the first meeting of this kind that he will have attended since the referendum. He also expects to have bilateral discussions with his EEC counterparts.

Mr. John Sstanley (C Tonbridge and Malling) asked for an assurance that the Government had set its face against import controls.

Mr. Shore replied that he did not think that import controls were the right way to proceed and that was also the policy of the Government.

Later, Mr. Eric Heffer, the Left-winger who was Minister of State for Industry until his sacking by Mr. Wilson, told Mr. Shore that it was now clear that Britain must hold discussions with the EEC countries to get a system of selective import controls.

Mr. Heffer argued that this would be preferable to allowing growing unemployment in U.K. industries badly affected by the present high level of imports.

Deficit

"Isn't it clear that the Government will have to think again about this whether they like it or not and despite the vote on the Common Market," he asked.

The Trade Secretary then told the House that he had assumed that the earlier questions put to him had related to across-the-board import controls.

But, in view of what Mr. Heffer had said about selective controls, he wished to point out that there was provision within the Treaty of Accession and within GATT "for a certain use of import controls in relation to particular market disturbances and particular regional problems."

He added: "Of course, we are prepared to consider particular cases on their merits."

Mr. Shore said that in the first five months of this year, our crude balance of trade with the EEC was £938m. in deficit. Although he could not forecast the out-turn for 1975 as a whole, the annual deficit based on the first five-months' figure would be £2.25bn.

"The present situation is really a very unsatisfactory one in which British firms must make an all-out effort to improve their balance of trade with the EEC," he declared.

Referendum

Mr. John Garrett (Lab., Norwich S.) stressed that import substitution should be used to protect British industries which were in difficulties. He cited footwear as an example.

The Trade Secretary agreed that import substitution was on the other side of the coin in our balance of trade difficulties. It applied not only to existing British industries but to those which we might wish to develop.

"Wherever possible, we shall encourage import substitution as well as giving aid to our export industries," he added.

Conservatives pressed Mr. Shore to make it clear to EEC Ministers at his meeting to-day that he totally accepted the result of the referendum and would do his best to ensure that the EEC continued to prosper.

But, according to Mr. Shore, no such assurance was necessary from him.

"I am not going to go round to my colleagues in the EEC telling them about my own particular opinions of the result of the referendum. I am going to say that our task will be to support the efforts of the EEC and the rest of the world to make a success in expanding world trade in a way beneficial to all."

His task would also be to defend U.K. interests inside the EEC in a way which he hoped would be acceptable to the other members.

Air policy statement promise

A STATEMENT on the Government's review of civil aviation policy will be made as soon as possible, Trade Secretary, Mr. Peter Shore, said in the Commons yesterday.

The review, representing the advice of his officials, had been submitted to him and meetings would be arranged with those concerned.

Mr. Norman Tebbit (C, Chingford) said that it would be the worst of all worlds if public money was used to finance as an investment or by nationalisation, the operation of the second force airline to compete with the public money already in British Airways.

Mr. Shore replied that he would rather not comment beyond making the obvious point that Mr. Tebbit's view did not seem to accord with that of many associated with the second force airline.

Replying to Mr. Robert McCrindle (C, Brentwood and Ongar), Mr. Shore said: "One of the central things we have to consider is the role and the future of the second force concept as it emerged some five years ago. I assure you I will give the matter very careful thought."

N. Sea gas loss study

TERMS OF REFERENCE are being prepared for the feasibility study into means of preventing the waste of gas in those North Sea oilfields where the amount of gas produced in association with the oil may be insufficient to justify a separate pipeline to the shore.

This was stated in the Commons yesterday by Mr. John Smith, Under-Secretary for Energy, who also disclosed that the Department hopes to invite selected consultants to submit tenders early next month.

"It is too early to forecast the date of the consultants' report," he added.

Talks on care of landmark

THE GOVERNMENT is having talks with the Countryside Commission about care of the Uffington White Horse, which is cut out of the hillside in Berkshire.

Lord Segal (Lab.) told the Lords yesterday that barbed wire was the only way to deter vandals from damaging the horse. Lord Castle (Lab.) said people were trampling on the horse's eye.

For the Government, Under Secretary, Environment, Baroness Birk, said that various schemes of protection were being considered and custodianship of the horse particularly during the holiday season was "under discussion with the Countryside Commission."

Concorde confidence shown by Minister

THE GOVERNMENT has no reason to suppose Britain will not be able to operate the Anglo-French supersonic Concorde in the United States, Mr. Clinton Davis, Under Secretary for Trade, told MPs yesterday.

Replying to Mr. Michael McNair-Wilson (C., Newbury), the Minister said that British Airways was expected to start commercial services with the jetliner at the beginning of 1976. Talks were progressing with "countries concerned" with a view to obtaining clearance for overflying.

Asked by Mr. John Biffen (C. Oswestry) about an escape clause if the U.S. rejected Concorde, Mr. Davis replied: "I have no reason to suppose that these operations rights will not be forthcoming."

Mr. Robert Adley (C. Christchurch and Lymington) asked if the Trade Secretary would meet his counterpart in the French Government to ensure a co-ordinated Anglo-French approach to future negotiations on Concorde.

Mr. Davis replied that there was already very close collaboration with the French Government.

Mr. Adley said that Concorde had some "powerful and unscrupulous enemies," particularly in the U.S. Recent Congressional hearings had shown the length to which some American aircraft manufacturers were prepared to go to defend the interests of their own companies.

Mr. Davis said that representations made by the French and British Governments at the hearings in the U.S. had been very adequate. He did not think it would be helpful to engage in "name-calling" against the opponents of Concorde.

Mr. Robert Cryer (Lab., Keighley) said that many people in this country thought Concorde would be "a gigantic financial disaster." The manufacturing capacity devoted to it could be released for more socially useful purposes.

Mr. Davis said that he did not regard such a remarkable aircraft, which involved great technological advances, as a disaster.

Mr. Toby Jessel (C., Twickenham) claimed that many of the 2.5m. people living within earshot of Heathrow Airport would heave a sigh of relief if they heard that the Concorde project had fallen through because of its "appalling noise."

Mr. Davis said he was sorry that Mr. Jessel was seeking to exaggerate the noise situation. He would have the chance to test the veracity of his claim when endurance flying began in July.

State aid for union postal ballots poses problems—Foot

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

OPPOSITION PROPOSALS for State aid to finance postal ballots by unions in the election of their officials were received with little enthusiasm by Mr. Michael Foot, Employment Secretary, in the Commons last night.

The Government had already promised to consider the matter, Mr. Foot pointed out. But he foresaw a number of difficulties in the way of such a scheme —in particular the difficulty of framing such a facility without infringing the rights of unions.

Moreover, if postal facilities were given to the unions, other organisations would also seek the same right, the Minister contended. And the cost would be considerable, even if only the unions were financed.

It would take more than the £1.1m. suggested by the Opposition.

But Mr. James Prior, Opposition employment spokesman, who raised a debate on the issue, contended that the cost would be well worth while in ensuring that the executives of unions were really representative of the people who elected them.

The protestations of the Left-wing against postal ballots made Mr. Prior think that unions would be less Left-wing if there were more postal voting.

Out of the 345 members of the executives of our 13 largest unions, 50 were Communists, yet only 0.1 per cent. of trade unionists voted Communist.

Mr. Prior said that before postal balloting was introduced in the Amalgamated Union of Engineering Workers, only 8.6 per cent. of members voted for the election of the general secretary. But after postal balloting was introduced, the percentage rose to 30.1, an enormous improvement.

Lord Donovan had warned that a low level of participation in union affairs meant a risk of placing power in the hands of unrepresentative minorities.

Mr. Prior further contended that at present there was public hostility towards unions. A recent poll by Opinion Research Centre showed that only 18 per cent. of the public had a great deal of confidence in the way unions were run.

"With the great power that they hold, it is important that they should be seen to be representative."

The Government should introduce legislation to provide financial aid for the provision of postal balloting, said Mr. Prior. What the Opposition wanted was to "take away the alibi of a union which says that it would act more democratically if it could afford the monetary cost."

These arguments were supported by Liberal employment spokesman Mr. Cyril Smith, who said that his party was in favour of the State encouraging unions to have postal ballots for officers.

The Liberals would support any move by the Government which would enable the cost of the postage involved in such elections to be borne by the State.

At the same time, Mr. Smith did not believe it should be mandatory on unions to have a postal ballot. It should be for each union to decide if it wanted to take advantage of any facilities the Government might offer.

Mr. Foot admitted there had been a general sentiment that ballots might be a successful method of dealing with the difficulties of strikes and other troubles occurring in industry. "On the face of it, it has some plausibility," he added.

Mr. John Evans (Lab. Newton) declaring an interest as a sponsored member of the AUEW, said that the matter must be left to the unions. "It is for them to decide whether they want to have postal ballots in the first instance."

Mr. Bob Cryer (Lab. Keighley) asked whether the interest of the Opposition in this subject was concern for trade unionists. Or was it acting in the interests of its friends—that tiny proportion of the population which owned the British Press.

Policy

Mr. Cecil Parkinson (C., Hertfordshire S.) said it was a spurious argument that public expenditure should be a criterion. He began to be alarmed about the state of our trade unions when the industrial organiser of the Communist Party was reported as saying that an idea "floated off" by him early in the year could become official party policy later that year.

Opposition employment spokesman, Mr. Barney Hayhoe, said that in the past decade militancy had been seen to pay. "The moderate shop steward often has his position undercut because the militant shop steward with his colleagues has managed to get something which has not been available to those who have behaved moderately.

"With this backdrop the character and nature of union leadership is of immense public importance." The principle being discussed was whether the State in circumstances "of rapidly rising postal charges," should be prepared to give some assistance for the cost, if the unions themselves decide that they wished to hold a postal ballot. He believed this would be justified.

Replying to the debate, Mr. Foot said that the Opposition's implication was that trade union leaders were not representative of their members.

The implication was that the rank and file were much less militant than the leaders. But recent industrial history showed that this was not borne out by the facts.

"The pressure for higher wages has not been led by the leaders of the unions. The evidence of unofficial strikes tells against that proposition."

No formal notification by Chile on debt, says Dell

FINANCIAL TIMES REPORTER

QUESTIONED about suggestions that the Chilean Government will default on debt repayments to Britain in the Commons yesterday, Mr. Edmund Dell, the Paymaster-General, said that the Government had received no formal notification from Chile of her attitude towards the payment of debts due to the U.K. in 1975.

"Her Majesty's Government would not condone any refusal by Chile to honour her obligations to the U.K.," he stated.

When asked what payments were still outstanding on Chilean warships under construction or undergoing repairs or refitting in British ports, Mr. Dell replied that it was not the practice to disclose details of the amounts involved in individual transactions by British firms.

Liberals want firm rule over NEB actions

LIBERAL MPs are to press for strong Parliamentary control over the National Enterprise Board in next week's three-day debate on the Industry Bill.

They are to field a team of five MPs to push their plans for the Board and to put their points on the Bill. They want to make sure that the NEB will not become what they term "a rambling henhouse for lame industrial fowls."

They will also urge an end to annual Budgets and call for a "virtually continuous relationship with a Select Committee on the House," and for quarterly budgets as in industry.

They also want to see power taken from trade union leaders and given over to the shop floor. Another demand will be parallel support for medium and small-size businesses "contrary to the efforts of the CBI on this Bill." These businesses it is claimed are often the only remaining competitive spur to the sleeping giants of industry.

A fourth line of attack will be that the disclosure of information provided for in the Bill should be on a more realistic basis than at present proposed. Information should be "really relevant to the workers in a concern and should be disclosed to democratically elected works councils."

The Liberals taking part will be Mr. Richard Wainwright, party spokesman on industry, trade and prices, Mr. Cyril Smith, Liberal Chief Whip, Mr. David Steel, Mr. Emlyn Hooson, and Mr. David Penhaligon.

Still room on the Broads

More than 11,000 craft—mostly cruisers and yachts—are registered on the Norfolk Broads, but the Great Yarmouth Port and Haven Commissioners, the navigation authority, feels there is no overcrowding on rivers at present, although some areas are occasionally choked with craft.

Announcing proposals to combat congestion on the waterways, the commissioners say it is impractical to have one controlling authority. They have chosen not to control the number of boats through licensing, but prefer to control numbers by closer links with boating interests and planning by voluntary agreement.

Tourism in N. Ireland

Figures for April this year, published by the Northern Ireland Tourist Boards, show a continuing improvement in the province's hotel occupancy rates compared with those for the same period in 1974.

The average occupancy rate at 36 per cent. is 1 per cent. higher than last year, and the Fermanagh and the South West with the highest regional rate.

Inland hotels fared better than those at the seaside or in large towns or cities, and overall, hotels in the Belfast area maintained the highest unchanged number of visitors.

The Executive's World

Last week the first three Government energy audits were commissioned. Below, **Lorne Barling** discusses the work of one company's new energy executive

Where Reed saves energy

REED GROUP, the paper and packaging arm of Reed International, is a company which takes rising energy costs very seriously indeed. In just over a year, energy costs at its ten mills which use 450,000 tonnes of oil and 38,000 tonnes of coal a year (in addition to 200m. kW/hrs of electricity), have risen from £6.5m. to over £13m. Its total energy bill is £25m. a year.

Although Reed has for a long time been conscious of energy costs, the oil crisis and other factors early last year prompted rapid and so far successful action to stem the tide a little. The company has embarked on a programme to save 1 per cent. this year, rising to 5 per cent. by 1980, cutting costs by £1.25m. at present prices.

The man appointed to carry out this ambitious programme, on an initial budget of £50,000 a year, was Mr. George Newton, formerly Reed's chief steam engineer. One of the uppermost thoughts in his mind was that energy, as a percentage of group production costs, had risen from 6.5 to between 15 and 20.

Reed employees have been encouraged to act if they see any forms of energy wastage such as steam leaks.

As energy executive for Reed Group, responsible to the managing director, he has set up a small staff and appointed engineers to be responsible for energy at company mills in four areas of the country. Each mill also has an energy conservation unit.

The objectives of the programme are to secure reliable sources of fuels and electricity at the lowest possible overall cost, to conserve energy by using it effectively, and thirdly to maximise the application of total energy.

But in more human terms, Mr. Newton explained that with energy costs expected to rise at an average of 10 per cent. a year to the end of the decade, his job initially is to see that good energy "housekeeping" is carried out, then to direct expenditure of about £150,000 a year towards medium term improvements.

Perhaps his most difficult job is his responsibility for long term policy, although he also regards it as the most challenging, which is unsurprising in view of his wide knowledge on conservation. He is a member of the Government Advisory Council on Energy Conservation, an adviser to the CBI, and to the EEC paper industry.

At this level he is in some demand to speak at conferences, sit on committees and advise universities, which he regards as necessary to provide the brain power for long-term projections on energy usage. Nevertheless, the universities value his practical knowledge.

"We find ourselves looking into the question of whether future energy supplies will be based on nuclear power or hydrogen, because a paper mill has a very long life, of perhaps more than 60 years." Mr. Newton says. "Universities are looking for realistic problems to solve and welcome this sort of research."

Even in the day-to-day meetings he has with Reed engineers on energy conservation committees, the long-term problems are discussed, largely because they find them fascinating. "One engineer is installing a solar panel in a mill lavatory as an experiment," he added.

Response to the scheme from the company's 20,000 employees has generally been good although no incentives have been offered and gimmicks have been kept to the minimum. Mr. Newton is sceptical about the effectiveness of the Government's "Save It" campaign, largely because the average worker has very little opportunity to turn things off without bringing work to a standstill.

Nevertheless, he believes he has encouraged people to act when they see any form of energy wastage, whether its is a steam leak, excessive use of water, compressed air or thoughtless use of lighting. "Above all, we have to encourage the economic use of energy in the process plant," he said.

The local incentive is provided by unit committees at each mill, factory or works which consumes energy. They have representatives from engineering, production, finance and safety and hold regular meetings, with the chairman liaising with the area engineer.

"What I want to see is energy monitoring and immediate action. Its no good having the accountant noticing a month later from some figures that there has been inefficient use of energy.

"The engineer must be more involved, making use of those figures to take action at the right moment. He should operate the boiler at optimum efficiency and allow the chief engineer to deal with the accountant."

But Mr. Newton admits that the size and structure of the Reed operations makes an energy accounting policy easier to implement than for other companies of comparable size. The incentive for saving in a company in which energy accounts for only one to two per cent of total costs is strictly limited.

BUSINESS LAW

What European unions want

BY A. H. HERMANN

PROBLEMS often become more bearable if not borne alone. In this sense those concerned about the Industry Bill may get some relief from the fact the German trade unions too are pressing very much for disclosure and planning agreements. Those who find comfort in finding others worse off than themselves should consider the proposals about to be presented by the Swedish trade unions. These could secure the unions a decisive say in management in about five years and majority ownership of shares 10 to 15 years later.

Guidance

On June 1, 1975, the Federal Congress of German Trade Unions in Hamburg adopted two important resolutions on the guidance of industrial investment. To avoid over capacity, the first resolution, proposed by the Chemical Workers' Trade Union, calls for obligatory notification of new investment in mass production industries to committees composed of representatives of industry, trade unions and Government.

The second proposal drafted by the Metal Workers Trade Union goes much further in the direction of economic planning. It would require more information from industry about expected developments, the adoption of stricter measures for the protection of the environment and the development of a method of investment direction in which trade unions could participate.

In addition to current reports on requirements and demand development in various sectors of industry the metal workers' resolution also calls for a continuous review of all instruments of economic policy used for influencing investment. There should be a central office for reporting of investments by large enterprises, defined as those employing at least 2,000 workers with assets over DM75m., and a turnover over DM150m. per year.

Another resolution adopted by the Congress calls for the establishment of an economic and social council on which the trade unions would be represented with the task of steering regional planning and state aid for changes in the structure of industry.

Curiously, investment steering and regulation is pursued not only by the trade unions but also desired by the Federation of German Industry, as evident from a book recently published by Herr Arno Sölter the anti-trust expert of the Federation. There is only one important difference between the two parties: the Federation of Industry does not want trade unions to participate in the regulation of investments. (Investment cartels are not barred by the German Competition Act for depressed industries.)

The proposals adopted by the Trade Union Congress, however, have received a cool reception in Bonn. Herr Schlecht, Secretary of State in the Federal Ministry of Economics warned against all forms of investment regulation, which in his view will neither revive economic growth nor regain full employment. It is a mistake, in his opinion, to believe that forecasts by industry sectors can lead to better investment decisions. Cartels fixing investment quotas are to be rejected whether managed by entrepreneurs alone or with the participation of trade unions.

Swedish trade unions on the other hand have a different and possibly more radical approach. Nearly completed proposals, being drafted by their expert, Mr. Rudolf Meidner, follow the same line as the proposals earlier adopted by Danish trade unions and which, but for the Social Democrats' electoral defeat in November 1973 would have become law. It was estimated at the time that 35 per cent. of the equity of all Danish companies would be in the hands of a trade union Central Fund by 1988.

The Swedish plan provides for a 15-20 per cent. share in company profits to be handed over in the form of new share issues to the Central Fund. As in the Danish proposals there would be no distribution to individual workers or trade union organisations. Assuming good profits the majority control of a Swedish enterprise could pass into the hands of the Central Fund in 20 to 25 years — not that a majority holding is necessary for effective control.

Swedish company law enables a minority holding ten per cent. of the shares, which is often enough for control, to appoint an auditor, to effect the suspension of members of the board and to institute proceedings against them. A 25 per cent. minority can initiate an impartial investigation of the company.

The continual controversy in Sweden as to whether its economy is controlled by 16 or only 12 families may be resolved once a single trade union Central Fund attains 10 per cent. stakes in Sweden's companies.

Computing at the checkout

BY NANCY DUNNE in Washington

DESPITE disgruntled sniping from consumer groups, American grocery retailers are in the process of introducing a major innovation—the computerised checkout—in stores across the country. Food manufacturers have been busily adapting their packages to display what has been named the Universal Product Code, a series of lines and bars, devised by industry representatives to provide a unique, identifying mark on each product, to be read by check-out counter computers.

Food chains have been preparing for the move by intiating test studies of the system, checking both its value and customer reaction. Thus far, most customers seem to like the increased efficiency the computers provide, but consumer groups have been sceptical. Their biggest objection is to the proposed absence of prices on individual items.

The introduction of the computerised check-out is an attempt by the retailers, whose profits are less than 1 per cent. of every customer dollar spent, to increase productivity and therefore profits. However, food retailers claim their savings will ultimately be passed along to their customers in order to attract more trade.

About 20-25 per cent. of the savings is expected to be derived from the gradual disappearance of item price marking—an expensive, inaccurate, time-consuming process in which prices are often smeared beyond readability. Hand stamping products is estimated to cost the industry about \$250-\$300m. annually or \$8,000 a year in a \$60,000 per week supermarket. If consumer groups should ultimately prevail on this point, industry sources claim it will be the consumer who will ultimately lose out.

One company, Giant Foods, which has opened a test store in Landover, Maryland, and will open another nearby in the summer, projects a chain-wide savings of \$2.27m. a year if individual pricing can be eliminated. Its president, Joseph B. Danzansky, is enthusiastic about test results so far and predicts the store will recoup its \$150,000 investment for the computer equipment in 18 months to two years.

Giant, under close Congressional scrutiny because of its proximity to the Capitol, offers—in place of item price marking—new, sturdy, easy-to-read unit price shelf labels with the item's price, its unit price by measurement, the name of the item and its code number. Marking crayons are also being made available to those customers who wish to record the price on a product. In addition, the check-out computer gives customers receipts which are in every way superior to conventional cash register sales receipts and clearly list a description of each item, the brand name, the price, an indication of whether the item is taxable, a record of credits and store coupons, food stamps paid, store name and check-out lane.

The Giant store system works basically the same way as other computer operations being tested at other supermarkets in the U.S. and Canada. When customers arrive at check-out stands, purchases are passed over a laser scanner which "reads" the code. Instantaneously, the IBM system retrieves the product and price information from a store computer and displays it on a counter screen.

Most grocery products in the stores have a code number (about 80 per cent. of all items will have them by the end of 1975) which is fed into the store computers. Prices can be changed overnight. For products still without code symbols, the checker keys the price directly into the keyboard terminal.

The system is expected to be of greatest use administratively. It automatically determines when to reorder the proper quantity for each item, thus establishing greater accuracy and savings in the ordering procedure. This factor will help lower backroom inventories and ensure the appearance of fresher goods.

Industry executives are calling computer check-outs "the wave of the future" and predict that 7,800 American supermarkets with \$2m. annual sales or greater will have automated checkstands by 1980. But consumerists are pushing ahead with attempts to get legislative controls requiring individual price markings. Judging from the reactions of a Congressional sub-committee which recently toured the new Giant store, consumer groups will have no immediate success. Gladys Noon Spellman, a Maryland congresswoman, was "very impressed" with the new system. "If the food stores weren't trying to co-operate, I'd be more worried," she said. "But I think we'll wait for the results of the tests."

THE FINANCIAL TIMES
(Established 1888)
Incorporating THE FINANCIAL NEWS
(Established 1884)

Head Office Editorial & Advertisement Offices:
BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY.
Telephone Day & Night: 01-248 8000. Telegrams: Finantimo, London
Telex: 886341/2, 883897

Birmingham: George House, George Road 021-454 0922
Dublin: 8 Fitzwilliam Sq. 785321
Edinburgh: 18 Hanover St. .. 031-226 4120
Leeds: Permanent House, The Headrow 0532 454969
Manchester: Queens House, Queen St. 061-834 9381
Paris: 36 Rue du Sentier 236.50.59 (editorial) 236.86.01 (business)
Bonn: Pressehaus II/104 Heussallee 2-10 213190
Frankfurt 6 Frankfurt am Main. Im Sachsenlager 13 555730 (editorial) 554667 (business)
Brussels: 39 Rue Ducale 512 9037
Rome: Via della Mercede 55 .... 678 3314
New York: 75 Rockefeller Plaza, NY 10019 Editorial—212 541 4625 Business—212 489 8300
Washington: Second Floor, 1325, E. Street, N.W., Washington D.C. 202 347 8676
Toronto: 286 Ont. • Charles St. E. 416 921 5575
Jo'burg: 637 Union Centre East Building, Harrison Street (cnr. Pritchard St.), Johannesburg. 838 7009
Sydney: 364 Sussex Street (Cnr. Liverpool Street), Box 3885 GPO 2001 Tel: 619 417, 618 773
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku Tel: 241 2920
For Business News Summary Ring: 01-246 8026; Birmingham area, 021-246 8026.

TUESDAY, JUNE 24, 1975

The price is too high

THE TUC, having watched its first attempt at voluntary pay restraint lead to rapidly accelerating wage and price inflation, is now asking the Government to pay a substantial price in terms of policies for a more ambitious second attempt, although it has been disowned in advance by one of the largest of the trade unions, and by the most militant. The changes which the union leaders would like to see—tighter price controls, possibly supported by subsidies, and an "equally sharp" deceleration in wage increases—emerged from yesterday's meeting of the TUC-Labour Party Liaison Committee. Fortunately there are signs that some Ministers are thinking along more realistic lines, but it remains to be seen how much realism will survive the compromises now being attempted in the interests of Labour unity.

Unrealistic

The TUC proposals discussed by the Liaison Committee are unacceptable, and would remain unacceptable even if they contained a realistic target for wages—at most, 10 per cent. rather than £10—and even if that target were achieved in practice. It is an attempt to get a quart out of a pint-and-three-quarter pot. Its aim, according to the Liaison Committee, is to "maintain living standards for the next 12 months as a whole"—an attempt to stop the clock at a point where wages have outrun prices by some five per cent., while output has fallen steeply, and when existing living standards are protected only by the time-lags between wage and price increases and by an unprecedented and unsustainable Government deficit.

Mr. Healey has achieved two things in an otherwise disastrous year: he has relieved some of the financial pressure on industry, and he has started to eliminate the suppressed inflation which renders our problems incurable as long as it is there. The Liaison Committee programme would throw away even these limited achievements, subjecting industry to a fresh squeeze and leaving the Government with an open-ended commitment to spend borrowed money. This is the medicine which reduced us to our present state: the system will not survive another dose.

An effective policy must tackle the problem at its source: the public sector, where costs and debt have been rising out of control. Some Ministers, it seems, are now ready to attack this problem by the most direct route: a cash ceiling on the Government support available for the local authorities and the nationalised industries. These would be consistent with a moderate increase in pay; where this was exceeded, the burden would fall directly and immediately on the customers and ratepayers concerned; but the aim would be for the employers to enforce moderation as far as humanly possible, even at the risk of disruptive disputes with those unions which believe—with all too much past evidence in their support—that the authorities can always be bullied into printing enough money to meet their demands. There is also an idea of imposing a similar discipline of the private sector through the Price Code, by refusing to treat any increase in wages above the norm as an allowable cost.

Right in principle

This programme is based on the right principle for the public sector: and the price regime involved is probably the least damaging way in which controls could be used, though the effect would still be to discourage investment and to perpetuate costly illusions about the right way to run a mixed economy. At the present stage of the cycle a complete abolition of controls would make very little difference to prices, but a great deal to confidence. However, this is a Labour Government, and is bound to display some Labour prejudices. The real doubts about this approach are: first, whether the Cabinet can be brought to support it; second, whether the reduction in the public deficit involved would be big enough (as it was not in April); and third, whether the Government has the determination to carry such a policy through.

Europe is about politics

THE MEETING of the Common Market Foreign Ministers which takes place in Luxembourg to-day is the first since the British referendum. As such, it is an opportunity for Britain to state firmly and clearly its commitment to the Community and its readiness to co-operate in realising its full economic and political potential. Mr. James Callaghan, the Foreign Secretary, indeed is down to make a post-referendum statement to the plenary session this afternoon. The danger, however, is that this will prove disappointing. So far, at least, Mr. Callaghan has not easily accepted that the Community is Britain's natural negotiating base and he still shuns the phrase "political union."

More than trade

In this the Foreign Secretary is out of tune with other Community Ministers and the Continental Heads of Government. President Giscard d'Estaing of France has already said that the Community's next developments must be in the political field and there appears to have been a fair measure of agreement on this aim when the French and West German Foreign Ministers met in Paris earlier this month to discuss, among other things, the agenda for the next Community summit meeting in mid-July.

To see the essentially political nature of the Community, in fact, one has only to glance at to-day's exceptionally crowded agenda. It begins with a restricted session on Portugal, the trip to Israel by the Irish President of the Council, and the trade negotiations with the Mediterranean countries. It includes a review of Community relations with Cyprus and with the signatories of the Lomé Convention. There will be a discussion of the Greek application for membership and of the possibility of a contractual link between the Community and Canada. Ministers will also step outside the strict Community framework for a while and discuss the independence of Mozambique and the progress of the European Security Conference, in which the Nine have conspicuously acted together. There is only one item — the tariff quota for hardened fish oils — in which the political dimension is not immediately obvious.

Opportunity

Of course, the politics are inextricably linked with economics. It is primarily because the Community is such a large trading bloc that so many countries seek trading agreements with it. But that is not all: the Greek application for membership or the Canadian idea of a contractual relationship, for example, go beyond commercial matters. They are a recognition of the Community as a political force, even if the Community has not always made that recognition itself.

Moreover, the emergence of a more political Europe which the French and the West Germans are now seeking is especially timely because of the situation on the European flanks. It is natural that liberal forces in Spain and Portugal and Greece should look to Community members as a model, since after all most of them have 25 years of astonishing political and economic success behind them. It is also natural that the Community should seek to encourage these forces by acting together—just as the Community should now be moving after the British referendum, towards the improvement of its own institutions and the introduction of a directly elected European Parliament. But it will not be done without a great deal of effort and it will not be done if member countries are prepared at best for the Community to mark time on the grounds that all of them, to a greater or lesser degree, are facing economic difficulties. The result of the referendum ought to be a new opportunity in that it has ended the uncertainty. Mr. Callaghan should not muff it by another demonstration of British scepticism.

Public expenditure: The second of a series of articles examining how and where cuts might be made

Social services: reinstating the hard cash count

BY JOE ROGALY

THERE is no soft or easy way of cutting expenditure on the social services. At least four difficult decisions would have to be taken before the trick could be done at all. First, all Treasury and Department of Health and Social Service calculations would have to be re-worked and published regularly on a cash basis. Then these cash figures would best be translated into a ceiling on different classes of spending. Third, the ceilings would have to be enforced even at the risk of standing up to public sector wage claims. Finally, Mr. Anthony Crosland's call for a willingness to slaughter sacred cows when it comes to housing policy would have to be extended to include the National Health Service and social security payments.

Yet any Government that seriously sets out to cut public expenditure as a whole has little option but to face up to these most painful decisions. For spending on health, personal social services, and social security payments accounts for some 30 per cent. of all public spending by the various Government departments (debt interest excluded). Some of the pressures on costs really are beyond the Treasury's control: the number of pensioners, for example, is expected to increase by some 200,000 over the next four years—increasing the pensions bill—while the number of persons over 80 is growing especially rapidly—further increasing the pressure in a particularly costly section of the health service. It is assumed, rightly or wrongly, that the NHS must be given around 1½ per cent. more "in real terms" every year just to keep up with demographic trends plus the extra cost of new drugs and treatment.

To those who manage the services such assumptions appear to be "natural" and therefore unquestionable. Yet the need to question absolutely everything becomes clear when considering the first of the four difficult decisions.

It is usual to base discussions of public expenditure on the Treasury's series of annual White Papers, each of which looks forward five years. The fundamental purpose of this exercise is to plan ahead for the allocation of "real resources" between the departments. The figures are reworked and reworked again, according to the dictates of various statistical models. In January's White Paper, for example, the tables are nearly all "at 1974 Survey Prices," which means that the spectre of inflation is banished from the conference table before the talking even begins.

This can be a practical way of planning for the provision of a certain quantity of public services, although it works better as a way of meting out numbers of nurses or doctors, or pensions of a certain value, than as a way of monitoring the quantity of useful medical care or satisfaction of old people's wants that is provided. It is not a very successful way of controlling the amount spent on these services. This is hardly surprising, since the purpose of calculations in "funny money" is to make sure that the volume of public service remains constant (and constantly rising) whatever happens to its cost. The table shows the effect in some detail: if everything is reworked at "1974 survey prices" the increase in spending on health, personal social services and social security over the past five years comes to 21 per cent.—or about 4 per cent. a year in "real terms." Actual cash spending increased at no less than *five times* that rate—or 102 per cent.

HOW INFLATION IS DISGUISED

This table shows how presentation of expenditure in "real terms" can obscure what is happening to expenditure in cash terms

	Social Security Benefits £m.		Health and Personal Social Services £m.	
	Cash[1]	At "Public Expenditure Survey" Prices[2]	Cash[1]	At "Public Expenditure Survey" Prices[2]
1971-2	4,223	5,883	2,200	3,365
1972-3	4,786	6,226	2,211	3,588
1973-4	5,299	6,206	2,526	3,787
1974-5	6,586	6,588	3,680	3,860
1975-6	8,861	7,159	4,104	4,032
% increase 1971-2 to 1975-6	110%	21.7%	86%	19.8%

[1] Shown in supply estimates, appropriation accounts, etc. 1974-75 provisional: 1975-76 estimate.
[2] Or "real terms" as in "Public Expenditure to 1978-79," Cmnd. 5879, January 1975. These are officially "£m at 1974 Survey prices."
Components of two columns are not absolutely identical in every year.

Change of philosophy

Cash figures of the kind shown in the table are spread out all over the place: in the Supply Estimates, the Appropriation Accounts, the Government Actuary's reports, the National Insurance Fund Accounts, Parliamentary statements, and elsewhere. They are not available in the easily-digestible form in which the "funny money" figures in the Public Expenditure White Papers are presented. It would require a change of official philosophy to alter the basis of publication. This is more than a technicality: the way in which the figures are dressed up shows their true purpose.

If such figures were indeed given wide official publicity they could be used as a foundation for a whole series of cash limitations on public spending. At the moment the social services are in fact working in the opposite direction. Until mid-summer 1974 local managements of the health service worked on cash budgets, set a year in advance. They could ask for interim increases when national agreements put up wages, but there was no such general latitude when prices increased.

This was changed by Mrs. Barbara Castle last July. Capital budgets are still set a year in advance, and more or less stuck to, but the regional and area health authorities enjoy the luxury of regular increases in their budgets, based on both wage costs and a special, internal, unpublished, "hospital costs index." The many horror stories pouring in from the new health authorities ("we just take on staff and explain that it is the reorganisation and put up their pay and explain that it is the inflation and no questions are asked") are thus accounted for.

In years gone by Britain managed to keep the price of its health service within reasonable limits because ultimate Ministerial control forced the people on the spot to scrimp and save and cut costs where they could. By international standards the NHS is still cheap, and in many areas it could no doubt justify greater expenditure. Yet it remains true that control over spending has been relaxed at just the time when it should be most stringent.

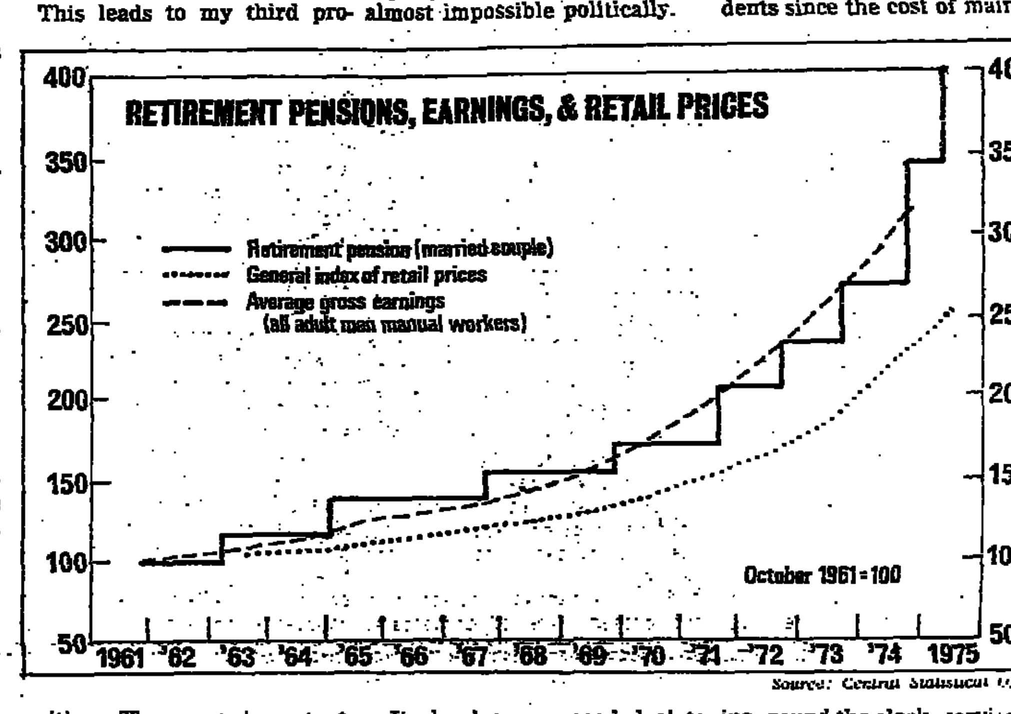
Proper cost control might also have some effect on the apparently eternal increase in staff. In the accompanying table I have excluded the cost of administration of social security payments, and it will amaze no one to hear that running the National Insurance Fund alone is costing 30 per cent. more this year than last year. The questionable assumption, in every area, is that it is necessary to have a larger staff accounted for in every budget. In 1974 the size of the hospital medical staff was 15 per cent. greater thn in 1971. The number of nurses (now over 300,000 in England alone) increased by more than 10 per cent. in the same period.

It may be that the numbers we have to-day are justifiable in terms of necessary services, or that more surgeons or dentists or social security clerks or porters and cleaning ladies really are needed in certain areas, or that all kinds of welfare and health workers are in short supply everywhere. This is not the point. What has to be digested is the apparently revolutionary notion that unless the necessity for these increases is at least *questioned* (and there is no better inquisitor than a cash ceiling) there can be no real control over spending.

This leads to my third proposition. The most important, immediate need in cutting social service expenditure is a proper resistance to wage pressures. The NHS employs around 1m. people. Wage rounds are hideously expensive; the last nurses' pay award, for example, cost £89m. The total wage and salary bill on hospitals and local health authority services in England and Wales went up from £1.2bn. in 1973-74 to £2bn. in the current year, a 66 per cent. increase.

Pay rises also affect pensions. The graph shows that over the years pensions have been kept broadly in line with average earnings and ahead of prices. In less inflationary times, however, governments of both parties felt free to leave long intervals between increases: pensions did not move between May 1963 and March 1965, or between March 1965 and October 1967.

Last year, under pressure from Mr. Jack Jones, the new Labour Government bound itself, *by law*, to increase pensions and other long-term benefits in line with average earnings, or prices, whichever is the greater. The cumulative cost of this decision between March 1974 and March 1976 is now thought likely to work out at something approaching £400m. a year, with the figure increasing every time earnings move seriously ahead of prices. It is good that the pensioners will get the money; what has to be questioned is whether it was wise for the Government to bind itself absolutely to such a mechanism, especially at a time when Mr. Jones's part of the bargain was not being kept. The Government cannot now change, or moderate, or postpone, the next ordained round of pensions and other major social security increases unless it undoes its own law, thus making what is anyway very difficult politically almost impossible politically.



Source: Central Statistical Office

It also leaves a good deal to chance, as the Government Actuary's report (Cmnd. 6083) shows. Mrs. Castle's latest uprating of social security payments will cost £338m., cash, this year and £908m. next year. This assumes 850,000 unemployed and earnings increasing at 17.5 per cent. a year. Every further 100,000 unemployed costs another £115m.; the effect of increases in earnings is mechanical.

It is at this stage in the argument that the need to re-open every political wound becomes plain. A Parliamentary written answer, published on June 10, shows that tax rebates plus various social allowances (free school meals, welfare milk, rent and rate rebates) can put an unemployed man earning up to £3,000 a year on a net income substantially higher than his income while working, for up to 14 weeks. The circumstances are not particularly exceptional: they could apply to many this year. Is this necessary or in present circumstances, right?

Again, the relaxation of the earnings rule for pensioners, forced on the Government by a warm-hearted Parliament, is costing some £60m. extra this year. I welcomed the change: the cost must even so be questioned. Prescription charges, which are supposed to be the most sacred item of all, hardly affect those who cannot afford them, yet they have not been increased since 1971; optical charges have likewise remained frozen. Dental charges were last put up in October 1973. The total revenue of £66m. in England and Wales is little enough in cash; imagine what it would be in "real terms!" Some socialists see a hospital "hotel" charge (with exemptions as for prescriptions) as unobjectionable: others toy with a charge for treatment after road or industrial accidents since the cost of maintaining round-the-clock services to meet such casualties is high.

Any approach of the kind I have outlined would be harsh in some areas and some circumstances. Accidents of administration would mean that some patients would be worse treated, some old people would be badly done by. The question all spenders in "real terms"—and all cutters by "cash ceiling"—must ask themselves is "would the damage to persons be less or greater if costs were not so controlled?"

MEN AND MATTERS

All quiet on the Algarve

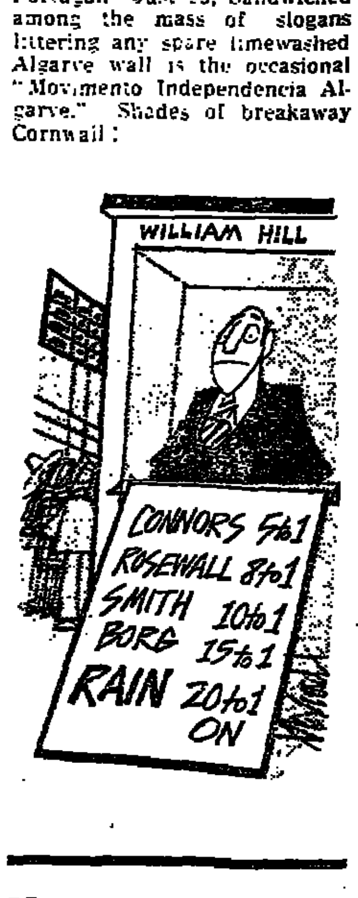
The re-selling of Portugal begins in earnest this week. The drastic fall-off in tourism since the supposed counter revolution earlier this year has left the country's beaches eerily quiet, especially in the Algarve, the southerly coastal strip notable for golf courses as much as sunshine. The poor showing of tourism was highlighted by the military Revolutionary Council in its "plan of action" produced over the week-end, action urgently needed in view of the expected doubling of the balance of payments deficit to £530m.

Portugal's difficulties have not sprung entirely from politics. Last year's carryings were upset by a cholera scare. Recovery was evident earlier this year but the announcement that a counter coup had been discovered, and the continuing tension in Lisbon led to large-scale cancellations.

The tourist authorities and TAP, the national airline (which last month firmly joined the forces of progress by being nationalised with the customary influx of military administrators) have become seriously concerned at what they consider the ignorance of realities: "Most travel agents just don't know what's going on here," laments a TAP spokesman.

What is not going on, he insists, is any trouble in the resorts. A group of British agents, invited to check that out, has spent the last few days in the Algarve to boggle at the huge hotels less than ten per cent. occupied.

To-morrow, TV advertisements begin in the Thames area, the first Portuguese campaign for two years. Stand by, then, to be reminded of hundreds of years of Anglo-Portuguese friendship (plus a bit of elbow room on the beach, of course). "The Algarve," says one local tourist official hopefully, "is not Portugal." Just so, Sandwiched among the mass of slogans littering any spare limewashed Algarve wall is the occasional "Movimento Independencia Algarve." Shades of breakaway Cornwall?



Manpower

The Danes are currently debating two of the subtler aspects of International Women's Year controversy. The first is not strictly a national matter, but concerns the owner of a beauty salon on a fashionable Copenhagen street. She is Alysa Lesham, wife of the Israeli Ambassador. But the Israeli Foreign Ministry apparently does not approve of working wives for diplomats and has asked Ambassador Moshe Lesham to stop his wife's business activities.

Mrs. Lesham has followed her husband round the diplomatic circuit for 21 years, brought up two children and her husband will soon be retiring. She took a course in beauty care, she says, so she could supplement the family income when they return to Jerusalem next year. And she is particularly bitter because she claims the wife of the Israeli Ambassador to Australia works as a professor of microbiology. "Perhaps working in a beauty salon is not considered good enough," said Mrs. Lesham tartly. Her Salon Alysa is doing roaring trade on the publicity.

Meanwhile, up in Thisted, Jutland, 25 male workers at Hallessens dry-cell battery factory went on strike for equal pay with their women colleagues. The men claimed they were earning only Kr. 24 an hour, while women were getting Kr. 25.60. This week they resumed work, but the case has gone to arbitration.

Keswick's buy

"This is the sort of thing where you wake up the next morning wondering what you're going to do with it." Thus Henry Keswick yesterday, summing up his purchase of the *Spectator* magazine, which will be edited after August by his long-time (since Eton and Cambridge) friend Alexander Chancellor, formerly of Reuters and Independent Television News.

Keswick's appearance, which I noted last week, means the end of eight years' proprietorship for Harry Creighton, who has doubled as the editor since October 1973, though the best-known writer on the magazine is Patrick Cosgrave. Keswick, 37, is unlikely to follow suit, being "pretty inexperienced" at the editorial trade.

His only connection so far has been through Jardine Matheson's shareholding in the *Far East Economic Review*. Keswick spent five years as managing director of Jardine in Hong Kong before coming home to tackle the less arduous London offshoot. Now to a few racehorses he adds ownership of a political weekly; he resisted, though, being pinned down to talking of likely developments in the magazine's outlook.

Chancellor, two years Keswick's junior, echoed that present uncertainty: he did believe that despite an impressive loss-making record he would be in charge of a potentially "commercial enterprise," but as for changes, "We don't know ourselves exactly." His father, Sir Christopher Chancellor, was Reuters' chief correspondent in Shanghai from 1931 to 1939. After that, Chancellor senior was successively general manager of the news agency, vice-chairman then chairman of Odhams Press, and chairman and chief executive of newsprint supplier Bowater.

Will Creighton be a future contributor to the *Spectator* (bought for £74,000, building sold for £160,000, magazine sold for not very much)? "We obviously hope so," said Chancellor; any article will be treated "on its merits," declared Keswick.

Loyal

The new president of the Faculty of Actuaries, the Scottish professional body, is Maxwell Thornton, pensions manager of Scottish Amicable Life Assurance. Among those at his service is the honorary publicity officer, who happens to be his boss at the Scottish Life, general manager Bill Proudfoot. Satisfying, I should think.

Observer

FINANCIAL TIMES SURVEY
Tuesday June 24 1975

SPAIN

Politically Spain is at a crucial stage of its history. In this introductory article IAN DAVIDSON, European Editor, sets the general scene. On the following pages ROGER MATTHEWS, Madrid Correspondent, looks at the country's prospects in greater detail.

Franco and his heirs-apparent

SPAIN HAS two problems. The first is economic, the second is General Franco, and there is no doubt that the first is overshadowed by the second. But while it is easy to identify these two problems, and easy to see that they exacerbate each other, it is virtually impossible to forecast how either will be resolved.

The economic problem is not unlike that facing many industrialised countries since the energy crisis: rapid inflation which, though apparently starting to fall, is not much less than that of the U.K., and a trade deficit which in relation to GNP, is one of the largest in the OECD area. In contrast with some other European countries, Spain did not take any serious deflationary action after the quadrupling of the price of oil; but opted instead for a strategy based on the view that its large foreign exchange reserves would see it through until there should be a recovery of demand in the other industrialised countries. Now, however, it begins to look as though this foreign recovery may be a good deal slower than originally hoped, and the question arises whether the Spanish Government may not be obliged to step in with a combination of deflation and devaluation.

From a political point of view, however, an economic policy change of this kind looks particularly unappealing at this time. Throughout the 1960s Spain had one of the highest growth rates in the world after Japan, and this hectic prosperity helped to distract popular attention from the authoritarian nature of the regime. Those who have acquired flats, cars and television sets, and have had some of their thirst for economic well-being slaked, are now increasingly concerned by less material questions—civil liberties, trade union rights, freedom of expression, democracy—and these poltical concerns will be intensified if economic prosperity looks uncertain or fugitive.

For the time being unemployment is comparatively low, though the official figures take no account of underemployment in the rural areas, or of those who, in the past, could count on being able to hold down two or three jobs at once, and who now need several jobs in order to be able to keep up with inflation. Further deflation, with the aim of reducing the payments deficit and the rate of inflation might well make an uneasy social situation explosive, and the more so because of disenchantment with the undemocratic nature of the regime.

But it is perhaps not so much the present lack of democratic rights, as the stark uncertainty about the future which makes the political situation so critical. Everyone knows that the Franco regime must be close to its end. A year ago, when the Caudillo fell ill, it looked for a few weeks as though it had already closed. If he is still undisputed master of Spain, despite his old age and his ill-health, it is nevertheless, clearer than ever that the present situation cannot last for very much longer—and above all that the Franco regime cannot and will not transform itself from within. What is not clear is when the break will come, or what will follow Franco.

Changed

In certain respects the political situation has already changed dramatically, especially within the past 12 months, and it is not difficult to believe those who predict that the pace of change will be even more striking in the months ahead, even if Franco remains at the head of an outwardly unaltered regime. The most obvious sign of the times is to be found in the Government's uneasy toleration of a degree of free speech which would have been inconceivable a couple of years ago. The Government has put a blackout on news of violence in the Basque country, and foreign newspapers are regularly seized at the frontier. But political magazines with relatively outspoken commentaries on public affairs have mushroomed—one estimate is that their combined circulation has risen by a factor of 20 in the past year—and while from time to time one or other of them may be closed for a few weeks by the authorities for having overstepped the mark, it looks as though the Government's distaste for freedom of expression and public criticism is exceeded by its fear of the consequences of trying to turn the clock right back.

The same uncertain touch is evident in its spasmodic tolerance/intolerance of the opponents of the regime. Political parties and the so-called workers' commissions remain illegal; and from time to time the authorities take repressive measures against them. Yet on the whole the leaders of the parties and of the commission remain strangely free to carry on their clandestine activities, even though their names, faces and views figure regularly in the Press. In the case of the politicians, the explanation may be that, while the opposition parties cover the normal spectrum from left to right, none of them, apart from the Communists, has much in the way of organised support at the grass roots, and some of them seem to consist of a handful of leaders without any known followers at all.

It is not evident, however, that the regime would be wise to take a sanguine view of the manoeuvrings of its opponents. In practical terms, it is true, the parties as such do not yet look like a serious threat to the regime, and the fact that some of their most public activity seems to consist of cocktail party gossiping gives them a faintly effete air of unreality, and one which may even have alienated the Communist leaders from their working class supporters. Few of them, apart perhaps from the Communists, are prepared to take serious risks, as one of the leading oppositionists admitted ruefully to me, and his description of Madrid political society as a seraglio may indeed correspond to the views of the authorities.

Yet it would be a mistake to despise the apparently sterile garrulousness of the parties. Political debate, formerly a very private affair indeed in Spain, is now increasingly widespread and outspoken, and it is having and will continue to have a profound effect on the atmosphere in Madrid and elsewhere, and on the parameters of the post-Franco era. The bourgeois elite may not be able to dictate the future—indeed most of them are only too conscious that the future may be uncontrollable—but a clarification of who stands where, and the establishment of tentative understandings, may well have a profound influence.

The clandestine workers' commissions are likely to have an even more practical effect. From having shunned the official sindicatos, they are now doing their best to infiltrate them, in the hope of controlling them. Opinions vary on their chances of achieving this aim, and even after the current round of elections to the sindicatos the results may not be clear, since only a few of the members of the commissions are known by name. But the authorities are obviously acutely aware of the danger of the threat, for regardless of any broader political overtones of the commissions (for example, their links with the Communist Party), their trade union activity constitutes a natural and practical channel for political organisation.

Bargain

Hitherto the unspoken bargain between the regime and the proletariat, apart from the creation of economic prosperity, has been that the working class would be compensated for their lack of trade union freedom with great security of employment—a bargain that has, by the by, led to a rigidity of employment patterns which could yet prove the Achilles' heel of the Spanish economy. If the workers succeed in establishing an even partially independent trade union organisation—and they are beginning to have some success in staging political strikes—one of the major premises of the regime will have been undermined.

The authorities' reaction to the separatist movement in the Basque country is more traditional, matching violence with violence. According to one view, indeed, the level of violence is greater than at any time since the Civil War, and it is a curious commentary on the chief boast of the regime, that it has brought peace to Spain. The ETA terrorists may be only a small minority of the Basque population, but it is far from clear that the centralist approach of the Spanish state is the best way to deal with the Basques' sense of grievance.

But in the end the key question is still: Franco. The longer he remains in power, the more likely it is that the regime will start crumbling from within, the more likely that violence will grow, and the more likely that investment, both foreign and domestic, will suffer. The trouble is that Franco's departure will, of itself, create new problems, for it is virtually inconceivable that the regime can continue in its present form without him, except for a transitional period. The only meaningful provision made by Franco for the future is that Prince Juan Carlo would become King and even that—the restoration of the monarchy—implies a significant change.

There is, therefore, a danger that Franco could disappear before the Spanish establishment—the politicians, the army, the Church, the bureaucracy, the business community—have reached even a minimal degree of understanding over what should happen next. His death might then be the signal for a struggle for power, especially between the ultra-Right and the ultra-Left, in which the prospects for moderate and democratic change would come a poor third. At present those on the Left talk of staging a general strike to prevent the accession of the Prince, while those on the moderate right talk of a coalition of the centre of the political spectrum, but leaving the Communists as outlaws.

A majority of the Cabinet, including the Prime Minister, is reported to believe that Franco should now resign, and the reports may well be correct. It is certain that quite a number of the opposition groups are trying to build combinations of forces, with either the support or at least the neutrality of the army, which might be able to persuade Franco to resign, and one can meet people in any Madrid salon who will assert confidently that his resignation is now highly probable within the next few months. Their confidence may be well founded, but similar assertions have been proved wrong in the past, and it is legitimate to wonder whether a man who has exercised solitary power for four decades would willingly surrender it. Indeed, one of the main anxieties of the moderates is that the Caudillo might resign as formal head of State, but not withdraw from public life, and thus destroy Juan Carlos's prospects of ever achieving personal legitimacy: for them it would be better that he stay until his departure is certain and total.

When Franco does go, his regime will go with him, since he is the regime. Meanwhile, the politicians meet and talk, and the country waits, not without anxiety, for what may come after.

Moves towards democracy

ALTHOUGH SPAIN has other political alternatives, there does now seem to exist a rather better than evens chance that in the not too distant future an attempt will be made to introduce some form of democracy to the country. That is not to say that the attempt will prove successful, or that this democracy will much resemble those forms practised in northern European countries.

But the first steps are crucial, essentially because a door partly opened offers rather more possibilities than one that has been tightly shut for 36 years. So whenever General Franco departs, and under whatever circumstances, many people predict that Prince Juan Carlos must, if he is to survive, look for a base of popular support that can probably only come from a degree of consensus eventually achieved by elections. The political parties—all of which are illegal, apart from the National Movement of which General Franco is the head—certainly expect some such move to be made, but they are not so confident yet that they are prepared to sink often personal differences for the sake of strength through unity.

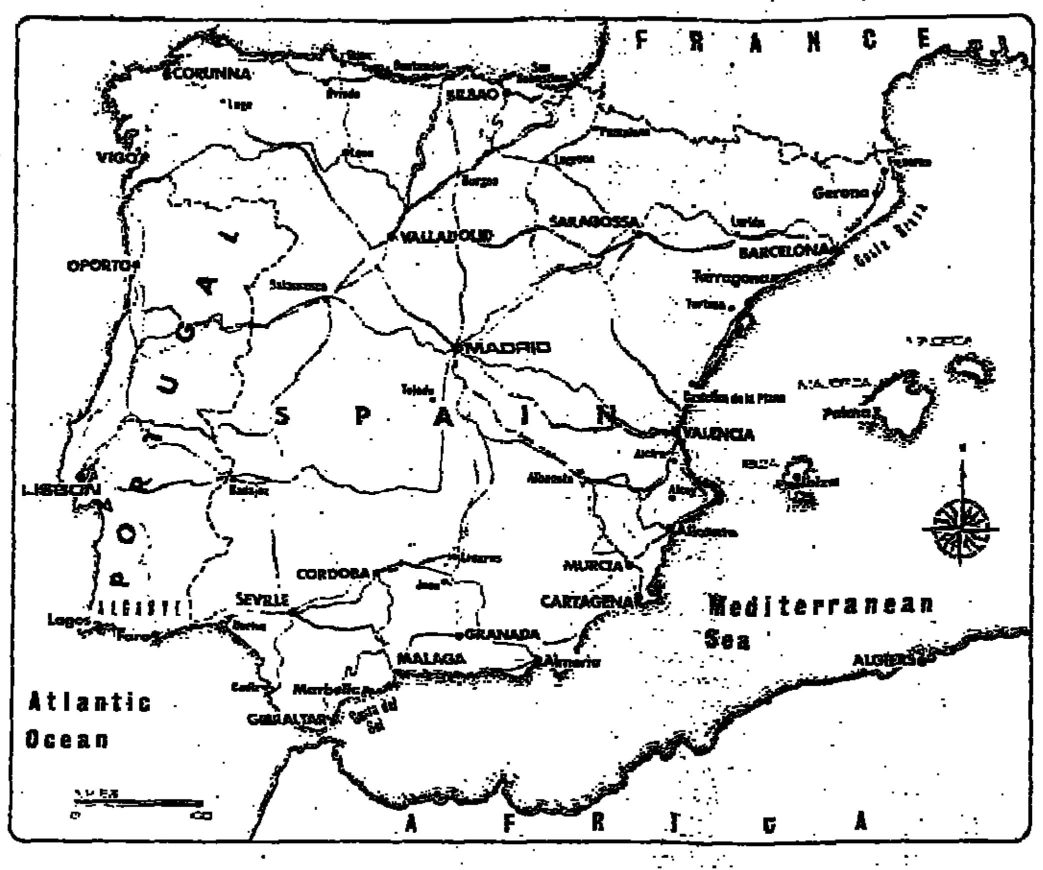
Because of the illegality of the parties, many of them number only a few hundred people or less, although there may be hundreds of thousands of Spaniards who would declare themselves in broad sympathy with a particular group's aim. As in Portugal before April 25 last year, the relative strengths of the different groupings remain obscure, but at least Spain's neighbour has subsequently shown that the initial fear of dozens of small parties proving hopelessly confusing for the electorate was basically groundless. In Portugal four main parties emerged from the ruck and a similar process would be likely in Spain, albeit with probably a rather larger number of parties.

The illness of General Franco last year provided a powerful impetus for the parties, although without the ability to raise funds or meet openly their activities have necessarily been very restricted. Broadly the regime has made a distinction between the communist Left and those parties closer to the centre. The Communists and those groups further to the left are harried, arrested, fined, imprisoned and when possible infiltrated by informers. Those closer to the centre are permitted greater freedom by the Government so long as they do not step over a rather ill-defined line.

Future

This reflects in part the awareness of Prime Minister Carlos Arias that steps have to be taken, if possible within the lifetime of General Franco, to prepare for the future. Senor Arias, like Dr. Marcelo Caetano in Portugal before him, does not, however, have either the power or probably the inner conviction to carry out any genuine programme of liberalisation. His now famous February 12 speech last year recognised the need for permitting the foundations of political parties to be laid, but his own timidity together with the realities of power in Spain proved a basically impossible obstacle. The programme for so-called political "associations" has been so circumscribed by illiberal conditions that none of the parties—from Left to Centre Right—who might be expected to play a key role after Franco has decided to participate. Even so applications have been made to the National Movement by 14 separate groups, but as the conviction grows that the Franco era is drawing to a close, so in parallel does the feeling that these "associations" are already an anachronism. Two years ago they might have played an important role; to-day people want to get to grips with the political realities of the nation.

An unmasking of the realities might also do something to dispel the myths. While no-one suggests that the Communist Party is a myth in Spain, it certainly does gain in apparent importance from its illegality. Probably the Communists remain the country's single best-organised illegal political force and the one best adapted to surviving the attentions of the political police. It is impossible to put a number on the party membership, although an often quoted figure puts it at around 50,000, and there is no doubting that in areas where it wields particular power it has the ability to organise industrial action in a way that no other organisation can. It is also at the moment an essentially non-revolutionary party. Members of the Central Committee and its Secretary-General Santiago Carrillo, exiled in Paris, claim to be prepared to work with any other political groups whose aim is the establishment of a democracy in Spain. To this end the Communists last year instigated the "junta democratica" as an umbrella organisation but which so far has had little success in attracting more moderate elements.



The only other participants in the "junta" so far have been the Partido de Trabajo (formerly the International Communists) the Popular Socialist Party (the smaller of the socialist parties), and a collection of individuals of varying importance. A certain restlessness can be detected among the more militant members of the "junta" over the leadership's essentially cautious and rather non-combative approach.

Despite the partially successful "Day of Struggle" called by the Madrid branch of the "junta" earlier this month, the Communists are anxious not to frighten the middle classes or indeed totally to alienate the army, a policy which can and does lead to accusations of collaboration and "revisionism." As one disillusioned militant commented recently: "The biggest handicap to the Spanish Communist Party is its name." The PTE has, according to certain senior members of the "junta," become more "mature and responsible" since it came in with the Communists, which essentially means that it has lost some of its earlier aggressiveness. This is recognised by some members of the PTE as inevitable but by others as potentially disastrous for the party's future, especially since it had been at least partially successful in filling the vacuum on the left caused by the centrist drift of the Communist Party.

Little

So far little has come of attempts to form another broad grouping which could present itself as the basis for an interim government under Prince Juan Carlos. In the latter part of 1974 there were a series of conversations between Christian Democrat factions, the principal socialist party PSOE, the social democrats USDE and several regional parties. The potential strength of such an alliance is all too obvious, especially if the Portuguese elections have any relevance. According to the Lisbon results—and there is no reason to believe that Spain would differ radically and in fact would probably record a large Christian Democrat vote—this alliance should be able to reckon on something like 80 per cent. of any free vote. However, differences of approach, especially to the existing government and to the armed forces, proved too divisive.

Instead what has been agreed in the past fortnight is an extremely loose alliance of a dozen parties ranging from the Christian Democrat left to Maoists and taking in on the way several regional parties. Obviously this cannot be seen as any more than an interim pact based on common opposition to the Franco regime and perhaps on a joint hostility towards the Communists and the "junta." A formal secretariat is being set up by this so-called "democratic platform," which will attempt to work out a common policy, although this is not expected to be more than a very broad and ill-defined set of principles.

Membership of the group remains open, a hint to the Communists that as a result of this new alliance the "junta" may be made to look increasingly isolated, with its policy of leading a similarly broad-based opposition an effective failure.

Few of the parties seem so far to have thought much beyond the demise of General Franco, which, though understandable, leaves still more arguing to be done. The parties also have to clarify more immediately their attitude to the army and to those significant parts of the present regime which are bound to exist for some while after Franco.

The PSOE, for example, was bitterly indignant recently when it was suggested that the party leadership was somehow collaborating with the Government and had been given at least partial immunity from harassment. The later confiscation of the passport of Senor Felipe Gonzalez, the Secretary General of the PSOE, and the huge police action that was mounted on May 1 to prevent party members from laying wreaths on the grave of their founder, largely disproved the allegations. But the sensitivity of some politicians to accusations of complicity highlights two important facts. First, that the Government might just be willing to turn a blind eye to some underground political activity because of a tacit understanding between Prime Minister Arias and Prince Juan Carlos about the evolution of the country; and second, that if there is eventually to be a real move towards democracy those parties that get the green light first are inevitably going to have an important edge over their rivals.

Again the Portuguese example has shown that the moderate Left, the Centre and the Centre Right need comparatively more time to organise than the Communists, while also lacking that streak of political ruthlessness which is the hallmark of their opponents.

Few of the parties seem to have paid much detailed attention to the army, which, in any analysis of the situation, must figure greatly. The most widely held view in Madrid is that the Military, though basically very conservative, will be prepared to see certain parties legalised, but not of course the Communists or anyone to the left of them. Equally the army will not tolerate any threat to stability in the streets and would intervene if the "36 years of Franco's peace" looked like coming to an abrupt end.

Juan Carlos is likely to inherit at least the passive loyalty of the army, but it will be crucial for him to maintain close links with the senior generals, and probably during his first year as king to ensure that the more reactionary of them are gracefully pensioned off.

Danger

But because there is a great deal of passivity in the middle ranks of the army there also exists the danger that the more extremist generals could still exercise considerable influence, and it is not possible to discount a further attempt at a rightward political lurch during the lifetime of General Franco. This would be particularly welcome to at least a proportion of the police and to the political branch of the service.

A few weeks ago Madrilenos were treated to the amazing sight of senior officers snapping to salute as Right-wing demonstrators sang the Falangist battle hymn "Face to the sun" and passed out leaflets demanding the resignation of the Government because there were "traitors within its ranks."

Regionalism and the Church are two other elements certain to have a bearing on the country's political evolution. Events in the two Basque provinces of Vizcaya and Guipuzcoa, since April 25 under a state of emergency, have shown all too clearly how separatist guerillas can use a strongly developed sense of local identity to promote a fierce backlash from the central Government and a rapid deterioration in social conditions. Instead of trying to isolate the Basque separatist organisation ETA politically, the action of the Government in imposing a state of emergency was to give carte blanche to the police, who in turn turned a blind eye to the vicious activities of right-wing extremists such as the "Guerillas of Christ the King."

Speed

The speed at which opinion in the Basque country has polarised during the past three months is a lesson for the entire country and a clear warning that one of the sharpest threats to a peaceful political evolution comes from the activities of extremist minorities. It also raised questions about the degree of control exercised over the police by the Ministry of the interior. With over 60 machine gunnings, bombings or physical assaults in the two Basque provinces, aimed against those suspected of having regionalist sympathies, and not one arrest such suspicions are understandable.

One of the prime targets for these extreme right-wing attacks has been the Roman Catholic Church. Several priests have been attacked and one is still critically ill after being interrogated by police. At least 20 others have been arrested, accused either of being involved with ETA or of preaching sermons which threatened the national unity of Spain. The action by the authorities has served to exacerbate the already extremely chilly relationships between Church and State, which now seem doomed to remain frozen until there is a change of regime.

The Catholic Church remains a very powerful influence in Spain as, together with the Army, it originally formed the twin pillars of the Franquist regime. Efforts either to revise the concordat, which governs Church-State relations, or to replace it with a series of separate agreements governing individual topics, have now been effectively abandoned, with neither the Government nor the Vatican apparently contemplating any new initiatives. Earlier in his rule this would have posed a serious moral blow to the authority of General Franco, but to-day he seems able to count on the Church hierarchy's traditional restraint to prevent the breach becoming too public.

There is a different though perhaps no less potent regionalist issue in Catalonia, and there are signs of strictly local parties gaining strength in Valencia, Andalucia and Galicia. Unless the next Spanish regime is as strictly authoritarian as this one it seems certain that some regional devolution of power will have to take place.

Meanwhile the regional issues

CONTINUED ON NEXT PAGE

Prospects for economic growth remain good

WHEN SENOR Barrera de Irimo resigned as Spain's Minister of Finance and Economics overlord last autumn, apparently for political reasons, there were plenty of sceptics in Madrid who saw the decision in a rather different light. The fact that most of those sceptics were also economists was not relevant.

It was last autumn that the Spanish economy, trailing somewhat behind the trend in Western Europe, first really began to feel the effects of recession brought on by the successive rises in the price of crude oil and the consequent downturn in world trade. Despite the country's heavy dependence on imported oil a mood of optimism persisted in Madrid. After all, Spain was a traditional friend of the Arab world and more importantly since 1959 the economy had been scarcely affected by the economic difficulties that had afflicted other nations.

Since the end of the 1950s Spain had only twice failed to achieve an annual real increase in gross national product of less than five per cent. and on both occasions that had been due more to internal mismanagement than to external forces.

Downturn

However, the sharp downturn in industrial output during the second-half of last year combined with a deteriorating trade balance, a worsening inflation rate, a fall off in tourism, and growing political uncertainty made it clear that running the Spanish economy during the coming two years was going to attract more brickbats than medals.

In both 1972 and 1973 Spain achieved growth rates of around 8 per cent., with industry working virtually to full capacity and stocks falling to extremely low levels. During the latter part of 1973 it became clear that the economy was beginning to overheat and there was growing pressure both in the labour market and on prices, with the inflation rate topping 14 per cent.

Thus some downturn in activity was already being predicted as the Middle East war broke out, although the economy proved to have sufficient momentum for it to be carried through the initial stage of oil price rises and the fall-off in world trade had yet to come. Thus it was not until the second-half of last year that these pressures began to have a real impact with most of the 4.9 per cent. increase in real GNP for the year having been achieved in those first six months.

Even so, by the standards of most members of OECD, Spain still ended the year in a highly enviable position, with a highly respectable rate of growth and one that many other countries would envy. Yet in some ways the 4.9 per cent. figure is misleading because it does disguise the very real problems that were building up at the time. Throughout the year it was clear that despite certain measures to police the increase in prices the rate of inflation was beginning to bite.

After the 14.2 per cent. rise in the cost of living index for 1973, last year showed a further increase of 17.8 per cent., a figure which because of the composition of the "shopping basket" may understate the true position by around a quarter or even more. Private studies using a different weighting have indicated a figure for last year more in the 24 to 26 per cent. range. The largest single rise in the official list of components came in the household expenses sector, which was 20 per cent up.

During periods of strong growth such as during 1972-73 the Government felt able to accord inflation a fairly low priority because the population was generally acquiring wage increases well in advance of that figure. The aim for this year is to bring the rate down by around four points to, say, 14 per cent., and there are some indications that the prices spiral is slowing, at least in part because of the decline in overall economic activity.

BASIC STATISTICS	
Area	196,700 sq. miles
Population	34.9m.
GNP (1973 est.)	Ptas. 3,531
Per capita	Ptas. 101,291
Trade (1974)	
Imports	Ptas. 886 bn.
Exports	Ptas. 409 bn.
Imports from U.K.	£260m.
Exports to U.K.	£262m.
Currency: Peseta	£1 = Ptas. 129

In the first four months of this year the index showed an increase of 4.79 per cent. compared with 5.39 per cent. in the corresponding period of 1974, although by now most of the effect of the oil price rises has worked through. The Government has been listing three basic methods for attempting to control price levels—one, by manipulating food subsidies; two, by reducing taxation on petroleum products, both of which were used during last year; second, via a system of authorised prices which cannot be changed without official permission (those of up to 3 per cent. having to be approved by a special prices board and those above that figure by the Cabinet); three, through a list of products whose prices are subject to special scrutiny and have to be reported to the authorities before they are raised.

But despite these controls many non-regime economists feel that all too little has been done to protect the consumer and that too many loopholes exist whereby existing legislation can be by-passed. But there is hope that despite the weaknesses of the system the cost-of-living index for 1975 will be below 15 per cent., a figure still well in advance of some of Spain's main trading partners.

This figure would be roughly on target for the economic goals set by Senor Barrera de Irimo shortly before he resigned and accepted by his successor, Sr. Cabello de Alba. At that time he was looking for a growth in real GNP during 1975 of 4.5 per cent. and for the unemployment figure to remain below 2 per cent. of the active workforce, equal to about 272,000 people. This last target has already been abandoned, with the jobless total having climbed to 294,053 by the end of April and little sign of the trend being halted in the short-term.

Difficulty

Industrialists, while showing more signs of optimism about long-term investment trends, are still reporting a decline in activity that, many of them cannot see being reversed until at best the spring of 1976. Thus despite the relative difficulty of dismissing workers (although it is easy enough if they have been involved in strike action) some further shedding of staff can be expected especially if more companies run into liquidity problems this autumn.

With wage increases now restricted to the cost-of-living increase over the past 12 months, plus an extra 3 per cent. in exceptional cases, it is understandable that the Spanish workforce should have become both more resentful and more apprehensive. Apart from the rise in unemployment there has also been a sharp fall in the amount of overtime worked, and in the number of opportunities for a second job. This so-called pluri-empleo is very much a factor of economic life in Spain, stretching even up to army officers.

Because of this resentment by the workforce, Spanish industry has been rather seriously hit by strikes, there having been nearly three times as many in 1974 as in the preceding year. However, after a stormy January and February, especially in Barcelona and individual cities such as Pamplona which had more localised problems, strike action has diminished, lending weight to the theory that real economic difficulties can lead to a corresponding drop in militancy.

It might seem surprising then to find that during last year wages rose on average by around 25 per cent., with some indicators showing a figure closer to 30 per cent. This should have given workers at least a seven per cent. advantage over the rate of inflation as expressed in the official figures. The cost of living (plus three per cent. on occasions) wage rises to be permitted this year should therefore bring the level of wage inflation down by at least three points and possibly more.

Apart from inflation, the critical problem for the Spanish economy this year and probably for the next couple of years, will be the balance of payments. Following surpluses of $571.1m. in 1972 and $556.7m. in 1973, the balance of payments swung sharply into deficit last year with a negative balance of just over $3bn.

Although this figure naturally reflects the vastly increased cost of oil imports it also reveals a more general worsening in Spain's trading performance. Imports shot up by some 61 per cent. to $15.4bn., compared with a 30 per cent. rise the preceding year, while exports climbed by nearly 38 per cent. to $7.1bn. This resulted in a drop in the extent to which imports were covered by exports from around 60 per cent. in 1973 to a mere 51 per cent. last year, throwing a still greater burden on the contribution made by tourism receipts, workers' remittances from abroad and capital inflows.

The terms of trade also moved against Spain last year by about 13 per cent. as against a beneficial movement of three per cent. the previous year and of this latest figure it has been estimated that about 20 per cent. of the change can be put down to non-oil products. Towards the end of last year and during the early part of this year attempts were made to impose some slight check on import growth by abandoning the quota liberalisation measures taken at the end of 1973, but apart from that, little action has been taken and it is understood that no more formal restrictions are presently being considered.

Undoubtedly the biggest reduction in import costs has to be looked for in the energy sector and especially oil. Although Spain has less flexibility than some more industrialised advanced nations, because a high proportion of its crude imports are destined for industry and correspondingly little for domestic or "luxury" use, relatively little has been done to introduce a major savings exercise. Over the longer term, however, the nuclear energy programme should in particular reduce the dependence of the country on oil as a primary source of energy, but not too much relief can be expected from this source for the next few years.

Traditionally Spain has been able to make up a substantial part of the trade deficit by services and transfers. Principally this has meant tourism, which last year, following the poor economic performance of most European nations and price increases, suffered a decrease of 12 per cent. in the total number of visitors. Instead of the strongly rising trend of tourism income in the past few years, 1974 saw a marginal decrease in the net balance.

Optimistic

The tourist industry is optimistic that this year arrivals will be somewhere near 1974's 35m. and that income will rise significantly above the $3.2bn. brought in last year. But during the first quarter of 1975 the number of tourists was slightly below the comparable figure for last year, while real earnings appeared to be at best static.

Remittances from workers abroad also slid away during 1974 because of the sharp decline in net emigration and the increase in unemployment among emigrants already established abroad. This trend can be expected to continue this year as more of Spain's 1.1m. workers abroad decide to return home. Long-term capital inflows the third of the significant contributors to the balance of payments, showed little change from the previous year, although the picture tends to look brighter because of the near doubling of authorisations from the Government.

During 1974 the balance of payments deficit was financed almost entirely from the reserves, which came down from an all-time high of $6.8bn. in December, 1973, to $6bn. 12 months later. At the end of April they stood at $5.5bn., following monthly deficits this year of $201m., $124m., $272m. (which appeared on the balance sheet as a surplus of $98.5m. as during March Spain drew its 1974 IMF special oil facility allotment of $370m.) and $22.3m. Thus in four months the actual drain on the country's reserves has been in the order of $820m. The Government will presumably continue to disguise the decline of the reserves by making use soon of its 1975 IMF allotment.

However, the position is serious and there is speculation that the Government will not be able to wait for the prayed-for recovery in world trade before being forced to take more stringent measures in order to stem the outflow. Unless they come soon Spain is clearly going to run a trade deficit this year of at least the same size as 1974 and if the trend of the first four months continues it could top $9bn. This would indicate a balance of payments deficit in excess of $3bn.

Add this to projections of a real growth rate this year of between 1 and 3 per cent., inflation at around 15 to 16 per cent., a degree of political uncertainty and possible further outbreaks of labour trouble, and it is not difficult to see that the Finance Ministry is doing well to keep such a blandly confident attitude.

Yet over the longer term the prospects for Spain remain fairly optimistic. The economy still has considerable room for growth, labour remains cheaper than in most other European countries, the attitude to foreign investment continues to be liberal and by all accounts there is plenty in the pipeline looking for a home. In the shorter term, however, Senor Barrera de Irimo may have made the right decision to get out—whatever his motives.

Democracy

CONTINUED FROM PREVIOUS PAGE

are convenient rallying points for overall opposition to the regime with essentially local arguments being developed to assume national significance. Thus the people of Andalucia can fairly argue that their region is being deprived of a fair share of the national cake, while in Catalonia the bourgeosie demand that they should be given more say over the wealth that their industries produce. In both cases the central Government is the target.

Yet, despite so many working against the regime, or at least not supporting it, General Franco keeps two clear advantages. One is that the army basically is not prepared to move against him while the police force, or at least an important part of it, is actively frightened of what might happen after he goes. Though they do not believe that Spain could follow Portugal, the thought is a very unhappy one. There is thus a very pertinent reason for them to stress and exaggerate the threat from the "subversive" Left.

The second is that the Spanish Left, with certain small exceptions, is not willing to mount an all-out challenge to the regime. The "junta" may organise "days of struggle," but it does not ask striking workers to take to the streets, demonstrations being left mainly to the students. Thus the danger of a major confrontation between thousands of workers and heavily armed police has been averted and presumably will not take place unless the militant left and particularly the Communists lose all hope of an evolutionary process. And that is the real danger for Spain.

A LOOK AT THE SPANISH ECONOMY

For many years an example of stagnation, backwardness and traditionalism, today, after the last fifteen years, Spanish society and the Spanish economy can stand as an example of dynamism and rapid modernization.

The Spanish income per capita has jumped from $500 in 1963, to $2,000 in 1974. It has undergone a four-fold increase in eleven years, and, although the dollar of 1974 is not what it was, one is not very far wrong in saying that the Spaniard of today can buy more goods and services than a few years ago, unless he has the extravagant idea of spending all his income on petrol.

Of course, this sustained development has not been achieved without altering the system established over a long period of state control in economic affairs, which reached its peak in the difficult Spanish post-war days. In 1939, for political and strategic reasons, autarky was the prime watchword, and dependence on foreign countries had to be reduced to a minimum by substituting all those products which could materially or technically be obtained or manufactured at home.

Perhaps the system was none too rational in terms of economic calculus, but there were not many other alternatives to hand. This performance naturally proved costly, and development and inflation marched on hand in hand until foreign currency reserves reached such a low level that the dilemma had to be confronted. Should one go on with the introversion of continually finding substitutes for importations, or should the premises be changed radically and an attempt be made at mutation by choosing an open economy system?

Fortunately, what now seems the obvious choice was made, but, at the time, it was far less obvious. The economic policy of autarky was familiar and well-known, whereas freedom of importation and exportation, a single exchange rate for the peseta, and the free circulation of goods at home meant facing an unknown quantity. Would it work? In 1960, the GNP dropped, in real terms, by almost −2%. But, the first step was simply like a man trying to find his balance after being accustomed to walking on crutches. The free importation of equipment goods and the intensive renovations of machinery, together with a fluid, regular and cheaper supply of raw materials and semi-finished products, changed the face of the country at a much faster rate than even the most optimistic prophets would have predicted.

In 1961, the growth of the GNP in real terms was 12%, and the rate of inflation of the economy was limited to 2%.

Gradual liberalization and the new orientation of Spanish economic policy during the decade starting in 1960 —as was stressed by the World Bank mission that visited Spain in 1971 — brought about unprecedented economic development, which implied a rapid rise in the standard of living and the transformation of Spain into a semi-industrial country. Over the 1961-70 period, the GNP grew in real terms at an average rate of 7.5% a year: that is to say, one of the highest growth rates achieved by the developing countries and only surpassed, among the OECD countries, by Japan.

The participation of industry in the GNP at constant prices increased from 31%, in 1960, to 42%, in 1972. The industrial sectors that contributed most were, precisely, the ones lacking in tradition. The traditional activities —food-stuff industry, wood-working industry, and, in particular, the textile industry—grew less than the average.

Imports of raw materials, semi-manufactured products and equipment goods for industry multiplied by five between 1961 and 1973, and accounted for 56% of the growth of Spanish imports over that period.

The share of industry in the total of investments rose from 32% in 1960, to 43% in 1970. Foreign investments contributed approximately 20% of the total.

In the early days of this new system of open economy, growth was fundamentally induced by the rapid expansion of domestic demand. The exportation of industrial goods did not begin to materialize until 1964, but has since increased dramatically, especially from 1968 onwards, namely, when the weakness of home demand forced Spanish manufacturers to seek markets abroad.

The contribution of industrial exports to the overall export figures rose from 21%, in 1961, to 63%, in 1973, thus accounting for almost 70% of the absolute growth of the total exports. Exports of ships, motor cars, industrial vehicles, machinery, motor-vehicle parts, tyres and a very wide range of durable and perishable consumer goods, have been the mainspring of this development of Spanish industrial exports.

The dynamism of exports, together with the magnificent results obtained from the tourist trade and the remittances of Spanish workers emigrating to industrial Europe, have made it possible to maintain Spain's balance of payments and favour the industrial development of a country with a shortage of raw materials and power products and in need of advanced technology equipment goods and materials, without which the development achieved would not have been possible.

International Comparisons

One of the best ways of describing the features of a country consists in comparing them with those of other countries. Nobody would be tall or fat in absolute terms if it were not for the existence—now or at some other time—of a means of comparative measurement. So let us visit the Spanish scene, superimposing slides of other horizons, mountains and cities.

POPULATION AND OUTPUT

The human factor plays a part in the productive process, and hence its interest, at least in numerical terms. In the Common Market Europe of the "Nine," there is one group of four "big" countries in terms of total population, with more than 50 million inhabitants each—Germany, the United Kingdom, Italy and France—which together surpass the United States. A second group has a total population of less than 10 million each—except the Netherlands, with 13.3 million. Between these two groups comes Spain, whose population is, in any case, bigger than the five "smaller" Common Market countries together. As regards the countries of Southern Europe, it is not out of place, here, to recall Spain's quantitative similarity to Turkey, and the fact that Greece and Portugal have less than a quarter of the total populations of their respective neighbours.

Although Spain is still far behind the countries with a G.N.P., in excess of $100,000 million—Canada, Italy, the United Kingdom, France, Japan, Germany and the United States—she would fall within a second group together with Australia, Sweden and the Netherlands. According to the criterion of total G.N.P., Spain would come somewhere between 8th and 10th place among all the OECD countries.

CONSUMPTION AND INVESTMENT

Continuing the comparisons, a ratio has been established between the consumption and investment activities in the economies of the countries selected. To measure consumption, use has been made of the ratio between private consumption expenditure and G.N.P. The highest ratio is to be found in the countries with the lowest income. Indeed, Spain is fairly close to Italy and on the same level as Ireland, some way above the other Southern European countries, and a long way behind the more highly industrialized countries.

As for an evaluation of investment, as a pointer, use has been made of the comparative effort of accumulation of capital, namely the coefficient between gross formation of fixed capital and the G.N.P. In this case, Spain is seen to be making a greater effort than the more mature economies in the group, Great Britain and the United States: but she surpasses Italy, or, if you prefer, the rates of gross formation of capital in Italy and Spain are very similar.

- In 1960, the consumption of meat, in Spain, per inhabitant and per year, was 10 kilograms: by 1973, it had risen to 35 kilograms.
- The number of telephones per thousand inhabitants was 56, in 1960, and 175, in 1973.
- The number of motor-cars on the roads rose from 10 to 95 per thousand inhabitants between 1960 and 1973.
- Over the same period, the number of television sets increased from 5 to 179 per thousand inhabitants.
- The total number of students undergoing higher education, between the ages of 20 and 24, rose from 90,000, in 1950, to 238,000 in 1973.
- The number of doctors per thousand inhabitants was 1.3, in Spain, in 1970, as opposed to 1.2 in France and 1.18 in the United Kingdom.

FOREIGN SECTOR

An international comparison of the foreign sector at once reveals the scant relative importance of Spanish purchases and sales with the rest of the world. Only in one of the OECD countries, namely the United States, is the percentage of imports and exports of goods and services in relation to the G.N.P., lower than in Spain. The nearest countries are France, Italy, Germany and the United Kingdom. In 1974, this proximity should be much more marked. Spain is in second place as regards gain, that is, the increase in her share in foreign markets. Moreover, as this percentage has moved very fast (between 5% and 7%) in the last four years, it is safe to say that the share of the foreign sector in Spain's G.N.P. is practically equivalent to that of France and Italy; this is outstanding and encouraging in the light of the fact that Spain does not belong to any supra-national group. On the other hand, Spain's situation as a medium-sized country which does not rely excessively on foreign trade may also be a guarantee nowadays. Examples of the opposite situation can be seen in the cases of the "smaller" EEC countries, and the same applies to Portugal.

Although the United States obtains the largest earnings from tourism it has a deficit similar to that of West Germany. Italy is the third country in earnings, but Spain, with higher earnings than Italy and more moderate payments, is the country with the largest surplus from tourism.

Industrial Output

It is now advisable to move on from the multi-coloured showcase of international comparisons to a more precise evaluation of a series of data and indicators of the Spanish economy. International comparisons are made in different units of calculation and in currencies of each year, and this hampers real estimates. Furthermore, one snapshot view compared with others reveals differences and resemblances, but silences the evolution of the personality of the subject.

Let us return once more to the composition and evolution of the Spanish G.I.P. by sectors. The comparison between 1964 and 1972, in Pesetas of 1964, is as follows:

	1964	1972
Agriculture	18.41	14.63
Industry	37.44	41.42
Services	44.15	43.95

Source: National Accounts 1972 (constant prices).

The contribution of the agricultural sector showed a marked decline, whereas the opposite was the case with the industrial sector, and the sector of services remained practically constant.

Briefly, industry was the most dynamic sector, the leading sector, with a growth of 10% per annum, that is to say, one of the highest in the world. Its contribution to the G.I.P., rose from 31% to 41.4% between 1960 and 1972.

Since 1960, the branches of industry showing the most dynamic contribution have been the non-traditional ones. As a whole, transport equipment, machinery and metal products, together with the chemical sector, accounted for the growth of 45% of the added value of the manufacturing sector. Transport equipment contributed more than any other industrial activity, with a 17% increase between 1961 and 1972. On the other hand, the development of the food, wood manufacturing and, above all, the textile industries lagged behind in the overall development of industry. The share of durable consumer goods and equipment goods rose from 45% of the net added value of industry, in 1960, to 55%, in 1972, while the output of perishable consumer goods dropped proportionally.

Newly established industries have been the most intensive ones in capital. That is, perhaps, why their effects on employment in industry have been relatively modest, whereas productivity improved by about 7% a year from 1961 to 1972.

Agriculture

At the beginning of the 1960s, the main features of Spanish agriculture were, fundamentally, the excessive working and dependent population — with the consequent effects of low productivity and a high level of consumption on the farms themselves — a marked tendency towards the cultivation of cereals and starches, fruit-farming oriented mainly towards export produce — oranges, tomatoes, etc.— and, finally, insufficient meat production.

Towards the middle of the 1960-70 decade, an active policy of meat production was started; this ultimately meant a change in the trends of agricultural policy. Wheat ceased to be the pre-eminent crop, and the production of fodder cereals was boosted, particularly barley and maize, as alternatives to wheat in the country's widespread dry-farming areas. The results have been positive. Indeed, wheat production has steadied at about 4 million tons; barley production has trebled, and that of maize has doubled. Nevertheless, the heavy increase in the consumption of fodder for livestock still obliges Spain to import double her own production of maize, that is to say, 4 million tons are imported, as opposed to 2 million grown at home.

As a result of this new trend induced by the consumption of livestock products, output has evolved as follows in the last 15 years:

- beef production has risen from 160,000 tons, in 1960, to 400,000 tons at present;
- pork production has multiplied by 2.3, and now stands at 600,000 tons;
- the production of chicken meat has been the most spectacular success, and has now reached 350,000 tons;
- between the dates mentioned, dairy herds raised their yields from 2,000 to 4,008 million litres of milk, while the figures for eggs rose from 300,000 million dozen to 640,000 million dozen in 1973.

Briefly, the composition of the animal protein diet has improved enormously. By 1973, the consumption of livestock produce per person had multiplied by 2.6 compared with 1960.

The second major trend in the evolution of Spanish agriculture has been in fresh fruit. With the exception of the traditional production of oranges, the other fruits were of scant relative importance in Spanish consumer habits. Basically, it was a matter of local consumption in the fruit-growing regions. However, the changes in consumer habits and the relative increase in fruit prices have had a heavy impact on the initiative of farmers. In fact, between 1960 and 1973, the following increases took place:

- the production of apples multiplied almost by four: that of pears, by 4.6; and peaches by 3.7. The joint production of these three fruits rose from 413,000 tons to 1,649,000 tons;
- production of oranges increased comparatively less than other fruit, from an annual average of 1,400,000 tons to 2,100,000 tons;
- perhaps the most significant facet in the evolution of citrus fruit output lies in the heavy increase in tangerines; here, output has risen from 131,000 tons to 563,000 tons; this means that, while the output of tangerines used to be 10% of that of oranges; it now represents 25%.

Foreign Trade

The key-note of the foreign sector until 1974 has undoubtedly been its far-reaching transformation from a sector restricting the possibilities of growth of the economy into one which has become the driving force behind its development. The causes of this change lie in the Stabilisation Plan of 1959. By re-establishing the factors of domestic balance—consumption, savings and investments—the liberalisation of an important part of our foreign trade; the Decree-Law on foreign investments; and by setting a single exchange rate for the peseta, it opened the way for the Spanish economy towards a greater degree of integration in the international systems of division of work.

Since that date, the flow of trade with foreign countries has grown incessantly. Increasing imports have permitted strong capitalisation of the productive sector through the advent of more advanced technology. The heavy rises in productivity were also to result in a simultaneous increase in exports, although naturally deferred for a few years. Nevertheless, in spite of the marked increase in the sales of Spanish goods abroad, growing import needs have maintained a heavy trade deficit, which it has only been possible to finance thanks to earnings from other activities.

In varying degrees, tourism, remittances from emigrants, and foreign capital are the items that have provided the extra earnings over the 1960-74 period. The tourist trade has played an essential role in financing a great deal of the trade deficit, to the extent that, in some years, Spain has had a surplus in her balance of goods and services. This situation, however, has been exceptional, and remittances from emigrants have had to offset to a large extent the deficit in respect of purchases and sales of goods and services. Until 1970, however, the current account balance normally showed a deficit, and only the utilisation of the third line—foreign investments—made it possible to cover the difference between the greater resources demanded by the Spanish economy and the diminished availability of goods and services offered to the rest of the world.

The legislation on foreign investments introduced in 1959 permitted a constant influx of foreign capital, the net balance of which—inflow minus outflow—was $16 million in 1959, and $934 million in 1972. Thanks to this influx of foreign capital, the basic balance (balance of earnings and expenditure on goods, services and transfers, plus long-term capital) has tended to show a surplus, except in 1965, 1966 and 1974. But, what is more important is that, in years when economic activity has been powerful, such as 1972 and 1973 (with growths of over 10% in industrial output, and more than 7.5% in the G.N.P.), basic surpluses have been obtained in considerable quantities, with the consequent rise in foreign currency reserves.

Until 1967, the foreign sector had been the weak point in Spanish economic development. Indeed, as the growth rate of the economy rose, foreign trade tended to an imbalance that eventually caused a devaluation of the peseta in 1967. From that year onwards, and until 1974 (rising crude oil and raw material prices) a high growth rate has co-existed with a surplus in Spain's foreign payments and earnings, and an appreciation of the peseta with respect to the dollar even in excess of the previous devaluation.

The explanation for this change in 1967 lies in a broad and detailed series of reasons.

EXPORTS

Spanish exports in nominal terms increased by 14% up to 1967; but, from 1967 to 1973, the cumulative annual growth rose to 24%. This growth was fairly regular, to the extent that the increase in exports of industrial manufacturers offset the fluctuations of agricultural produce exports.

Exports of industrial manufacturers grew, until 1973, at an annual rate of over 27%, and their relative share in total exports jumped from approximately 30%, in 1964, to 63%, in 1973. Agricultural exports have shown the opposite tendency. Their evolution has been very erratic, and their growth, slow; their share in total exports dropped from 53%, in 1964, to 29%, in 1973. Exports of raw materials and fuels have remained almost steady, although their relative share dropped from 13%, in 1964, to 8% in 1973.

As for markets, the Common Market is still Spain's main customer, with 47.45% of Spanish exports in 1974 (in 1970, it absorbed 46.4%), although the "Nine" countries now composing the EEC were buying 57.5% of Spanish sales, in 1960.

Next comes the United States, with 12% of total Spanish exports. Its share was higher in 1970 (14.15%), and lower in 1960 (10%).

Exports to COMECON countries accounted for 3.2% of Spanish exports in 1974, this percentage being higher than in 1970 and 1960, with 2.8% and 2.5%, respectively.

With regard to Spanish sales to the OPEC nations, they had risen to 7% in 1974, as compared with 4.15% in 1970, and 1.43% in 1960. Between 1970 and 1974, Spanish exports to the OPEC countries grew at a cumulative annual rate of 26%, which was higher than the 20% average of the OECD countries. If this trend is maintained, by 1980 Spain will be selling the OPEC countries rather more than 10% of her total exports, without bringing in additional measures to boost sales in those markets.

As regards the other countries (the remaining OECD countries, Latin America, Africa and Asia), in 1974, they accounted for a third of Spanish sales, a similar percentage to 1960, but lower than 1970. The reason for this relative stagnation can be seen in the lower than average growth of exports to Latin America, the total participation of which has descended from 11.4%, in 1964, to 9% at present.

Finally, it should be stressed that exports of manufactured goods followed a very favourable trend towards the countries in process of development, until 1967, after which a slight deceleration set in; whereas sales of machinery, transport equipment and durable consumer goods in Western Europe began to accelerate in 1967, and compensated for the weakness observed in the other markets.

Europe and the United States are Spain's major customers for agricultural produce and foodstuffs. As a whole, they absorb 79% of the agricultural exports at the present time, although this share implies a large decrease when compared with the level in 1964, which was 85%. This decline is entirely attributable to Western Europe, which has dropped from 77% to 70% in the same period.

The main features of Spanish export trends can be summed up in the following manner:

- annual growth rate: 20.3%
- stability of this growth owing to the increased relative importance of industrial exports with respect to agricultural exports;
- concentration of Spanish exports on the highly industrialized countries from 1967 onwards;
- growing volume of sales to OPEC and COMECON countries, although their relative share is still of scant importance.

IMPORTS

From the point of view of imports, there has been a cumulative annual growth rate of 15.3%—lower than that of exports; this made it possible to progress from a coefficient of coverage—imports/exports—of 42.5%, at the beginning of the period, to 54%, in 1973.

By categories of products, food imports have shown the weakest growth rate (16%), and this caused a decline in their relative share in total imports, from 18.4%, at the beginning of the period, to 13.6%, in 1973.

Among the other import items, raw materials show a very stable pattern, rising gradually at a rate of 18%. Imports of machinery and industrial manufactured goods have been the most dynamic items, and have grown at a rate of about 30%.

The source of importation is to be found, to a large extent, in the industrialised western countries; 36% came from the Common Market countries, in 1974, and rather more than 50% from the OECD area.

Perhaps the most outstanding fact in Spanish imports in the past year has been the increase in purchases from the OPEC countries, which account for almost 25% of Spanish purchases abroad.

TOURISM AND TRANSFERS

Net earnings from tourism and travel rose, until 1973, at a cumulative annual rate of 14% this being very similar to the growth of Spain's trade deficit, with a record figure of 190,000 million pesetas ($3,274m.), in 1973.

On the other hand, net transfers have risen at a cumulative annual rate of 17.5%, leaping from a surplus of 19,000 million pesetas ($321m.), in 1964, to 82,000 million pesetas ($1,414m.), in 1973. These net figures for remittances have been the third source of income for the Spanish balance of payments, although they decreased for the first time in 1974 (68,000 million pesetas, or $1,190m.) in comparison with the preceding year. Somewhat similarly, tourist earnings in 1974 showed a 2% drop in relation to 1973.

Spain has made a tremendous effort in building and modernising hotels. In 1960, the number of hotels stood at 2,500, with a capacity for 151,000 beds; in 1966, the figures were 6,500 and 354,000, respectively; and, in 1973, the number of hotels reached 9,200 with room for 700,000 guests.

The drop in tourist earnings and transfers was offset by the strong in-flow of capital in 1974. Indeed, 1972 set a historical record with a net in-flow of long-term capital worth 60,000 million pesetas ($932m.); but, this was surpassed in 1974, when the figures reached 89,000 million pesetas ($1,555m.). Nevertheless, despite this large increase, the basic balance showed a deficit of about 88,000 million pesetas ($1,535m.), the first deficit since 1965 and 1966. The main reason for the deficit in 1974 lies in dearer oil imports. In fact, if one disregards net oil imports, the current account balance of payments was practically level (−3,600 million pesetas; or −$63 million), and there was a basic balance surplus in the region of 86,000 million pesetas ($1,492m.).

But, before getting off the subject of the balance of payments, we must call a halt and settle down to review the accounts of foreign currency entering Spain in the form of investments and foreign credits. The confidence shown by foreigners in the Spanish economy has always been a source of consolation and, above all, encouragement for those who have often harboured doubts as to their own possibilities.

Using the authorizations granted as a reference, the countries of origin of foreign majority investments can be broken down as follows: United States, 41%; Switzerland, 21%; Germany, 11%; France, 6%; United Kingdon, 5%; Netherlands, 3.4%; Italy, 2.9%; Canada, 1.8%; Belgium, 1.7%; Sweden, 1.2%; and others, 6%.

The in-flow of foreign investments in property (both majority and minority holdings), has gone, by sectors, to the chemical industry (26%), metallurgical and mechanical industry (16%), motor vehicles (19%), hotelering and real estate companies (18%), and the foodstuffs industry (18%).

This picture of the importance of foreign investments in Spain can be completed if it is born in mind that more than 200 of the first 500 companies in the country, that is, approximately 40%, have some sort of foreign connection.

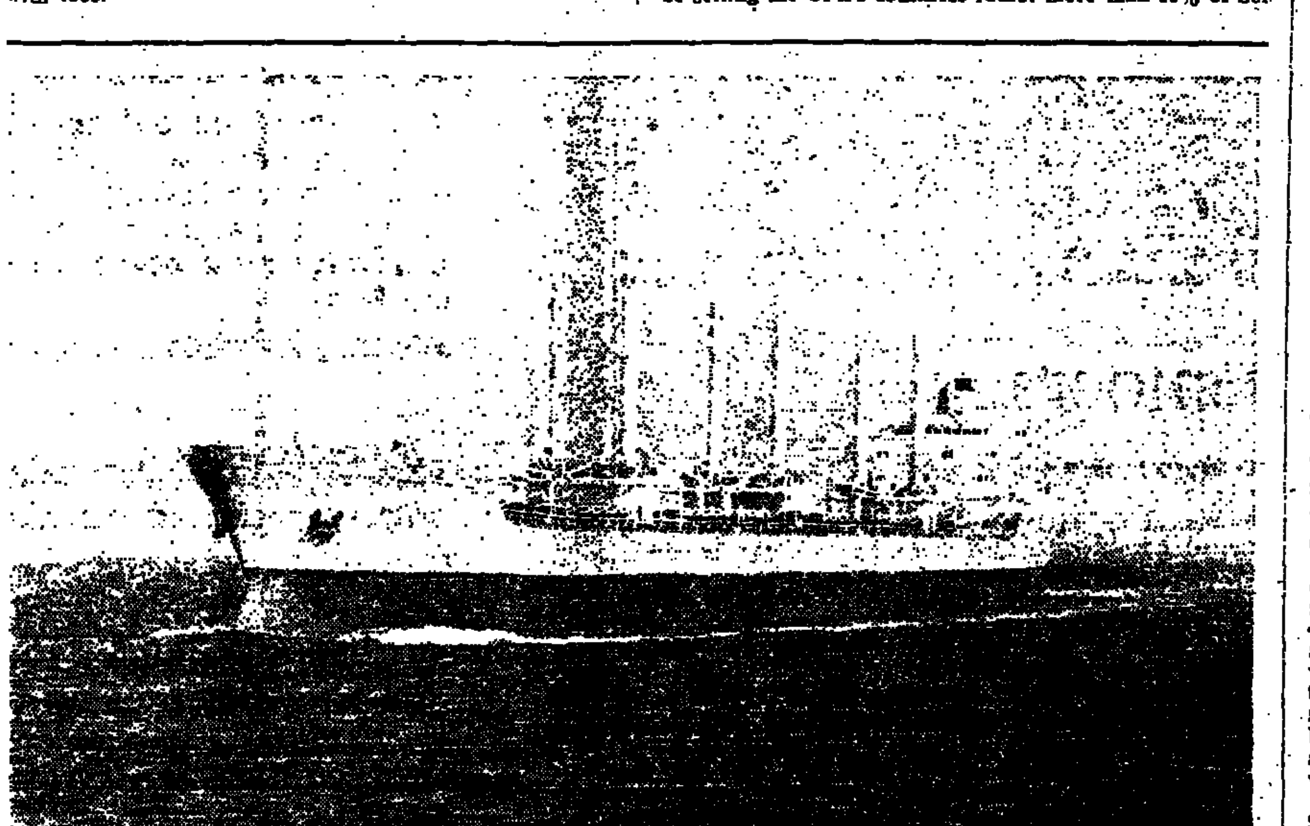
Naturally, the debt incurred by Spain is reflected in the annual payments, the ratio of which (including payment for the services of the public and private debt) was estimated, at the end of 1973, at 10% of the gross foreign exchange earning in that year. This is a very modest proportion; in other words, Spain is still a solvent country when it comes to conventional borrowing in substantial quantities.

Originally, the chief motivation for foreign capital lay in the existence of a real or potential market in process of expansion, which continually created opportunities for new supplies. This motive is still valid, but another, more and more apparent reason is now the possibility of using Spain as a platform for export sales. The new Ford motor-car works—which is being set up very quickly—is, perhaps, the best-known example; but several new plants, particularly in the chemical sector, have been planned with a view to selling their production to Portugal, countries in North Africa, and the EEC itself.

The growth of the Spanish market was the main reason that induced foreign businessmen to invest, and very few, or perhaps none of them have seen their hopes unfulfilled. Although forecasts can only be based on confirmation of what has happened in the past, one might well predict comparable success for those investors who continue to place their confidence in the Spanish market, and in the exporting potential of a country with the important geographical advantage of lying on the route between the industrialized nations and the petroleum exporting countries.

1974 was the first year of the oil crisis. The growth of the G.N.P. of the OECD countries was, as a whole, nil. Spain, however, achieved an increment of almost 4.5% in comparison with 1973, and her exports have grown at an inter-annual rate of 35%. Of course, in days fraught with difficulties, these results cannot lead one to ignore the uncertainties darkening the horizon. Yet, however, serious the obstacles besetting the Spanish economy may be, in 1975, Spain's G.N.P. will continue to rise at an annual rate not lower than 3%, and her exports of goods will be 20% up on 1974.

In 1959, when circumstances were more difficult for Spain than they are today, a form of market economy was chosen as a stepping-stone to integration with the rest of Europe. The Spanish economy is at present much freer than 15 years ago, and more closely linked with the trade and payments system employed in western countries. The initial approach is still valid, and, briefly, Spain's commitment to draw ever closer to that goal of greater integration in a united Europe still subsists.



Shipbuilding—the spearhead of Spanish exports during the last ten years.

GENERAL DIRECTORATE FOR EXPORTS - MINISTRY OF COMMERCE

Decline in tourism a grave blow

AS EVER, there seems scarcely to be even the hint of a frown on the smooth public face of Spanish banking. Yet behind the marbled exterior there is mounting concern that this year could prove to be one of the worst suffered by the industry for a long time. Since the end of the Civil War Spanish banks have occupied a very secure, profitable and protected position within the economy. Their new office buildings dominate the centres of cities just as their activities dominate a significant part of industrial life.

Just how much of manufacturing industry they control directly or indirectly has never been accurately assessed but it must be in the region of 30 per cent. to 50 per cent. While the economy has boomed during the past 15 years, having such direct and committed links with a range of companies has not necessarily been in conflict with sound banking practice. Indeed, a substantial part of banks' earnings every year has come as a result of their shareholdings in manufacturing, thereby effectively reducing the role of profit in straightforward banking operations.

Rigidity

Not that banking itself has not also been extremely profitable. Once again the Government has attempted recently to break away from the near total rigidity of the interest rate structure by permitting loans and deposits for periods of two years and over to depend on market forces. But all other rates remain tied to the rediscount rate and there is not on this score the possibility of inter-bank competition. When interest rates for loans or deposits for over two years were freed previously, the reaction from the banks was apparently not one of great enthusiasm and certainly it did not serve to dent the image they have acquired of much preferring to lend for the short term.

This has two main effects. First, the bank, if it is offering a six-month renewal loan, needs only to satisfy itself that the company involved is not likely to go bankrupt in the next six months. Secondly, with such short-term lending it is necessarily easier to influence or even participate in a particular company. Historically this has been in part responsible for the high degree of banking participation in the industrial field, although parts of Spanish banking are now modernising with some speed and developing the kind of expertise and research capability that is needed to undertake longer term operations.

If evidence were needed of the relatively unsophisticated nature of Spanish banking in particular and the operation of the capital market in general it was provided during the late 1960s and early 70s by the spectacular and eventually highly profitable rise of a "merchant bank" called Banif. With young and modern management, versed in stock exchange and company analysis techniques, Banif grew over a space of ten years to be a most sought-after pool of executive talent that eventually sold out to the country's second biggest bank, Hispano-Americano.

The fact that Hispano was willing to pay around the equivalent of £7m. for what amounted in essence to 200 executives is an indication both of the urgent need some banks have suddenly felt to bring themselves more into tune with modern developments, and the realisation that banking profitability was something that in the future would probably have to be worked for with rather more professional dedication. And this an especially relevant factor during a year in which company profitability, and thus banking profitability, is suffering difficulties outside the range of recent experience.

An indication of the potential seriousness of this year's problems was provided in a recent review of the economy by the Banco de Santander. Discussing the likely growth of GNP this year the report commented: "The figure may turn out to be 2 per cent. or 3 per cent., but the growth rate could even come to a standstill." The implication is that more and more companies could find themselves in difficulties later this year as they become more firmly caught between stagnating production and steadily rising costs.

Unlike in 1974, when monetary policy fluctuated alarmingly, causing sudden major liquidity problems for the banks, the Government is now attempting to ensure that there is a reasonable and consistent supply of funds. Thus although there should not be too many difficulties in finding finance at the moment a marked reluctance has been noted on the part of some banks, amounting on occasions to an almost self-imposed credit squeeze.

Observers are suggesting that this is especially apparent in banks which have particularly sensitive industrial holdings and allegiances. In other words, there is a growing feeling that some banks are purposely herding funds because they expect to have to prop up their own industrial family later in the year.

Much the same applies to share prices. For the past decade and a half the Madrid, Barcelona and Bilbao stock exchanges have shown a fine disregard for world trends, counting a sharp decline on Wall Street, in London or Paris as something of little consequence. In January of last year, when most world stock exchanges were reacting highly pessimistically to the effect of the oil price rises, the Madrid exchange put on 10 per cent. However, that seems to be changing, at least to the extent that the performance of the Spanish economy is now related to its principal trading partners. In fact the Spanish exchanges ended last year 11 per cent. down, a turnround of over 20 per cent.

Sliding

This year there was some recovery but once again the index is sliding and last week for the first time dropped below the January figure. This has rather more significance in the narrow Spanish stock exchanges than in some other countries, basically because there exist so many more opportunities for manipulation. Undoubtedly the banks and most quoted companies are highly sensitive to the movements in their share prices because of the highly volatile nature of the Spanish investors ("punters" would be a more accurate description for many of them).

With so many opportunities for manipulation built into the system — trading in any particular sector is limited to ten minutes a day and prices may not move more than 5 per cent. up or down in any one session —it would be remarkable if quite a lot of "support" money had not found its way on to the exchanges in the past few months. However, selling pressure has been maintained and buyers have become increasingly thin on the ground.

The time must also be near when investors cast a more searching eye over the price/earnings ratios of many shares, and particularly those of the banks. Even some of the banks at the top of the domestic league table bear p/e ratios of between 25 and 50, while it is not impossible to find some of the smaller ones boasting ratios of 300 and more.

An important factor in this phenomenon is concern for an essential ingredient — the annual "dividend." The only other possible justification for such high p/e ratios is the future growth prospects of the organisation involved, which in the case of the banks is partly responsible for the undignified scramble to open more and more branch offices that often in sheer business terms is difficult to justify.

And if one day Spanish investors get more freedom to operate internationally there can be little doubt that they might prefer to buy the shares of a large European bank at, say, eight times earnings, than a Spanish bank at 50 times earnings. However, there is still no shortage of people wanting to open new banks in Spain, despite moves by the Government to make this process financially more difficult.

A doubling of some of the financial conditions a few months ago weeded out some of the applications, but new banks are still being formed, even though the total number for the country is already well over 100. At the same time the larger banks remain on the look-out for promising regional banks to draw into their net, although signs of a regionalistic banking revival in Catalonia make the prospects in the north east of the country more remote.

Obviously the Catalans are hoping that after a long spell in the banking doldrums, stretching from the end of the Civil War, they are once again on the road to having at least one group which bears some relation to banks situated in Barcelona. With the area generating the highest level of per capita savings in Spain it is understandable that the Catalan banking community should feel frustrated at its previous lack of achievement.

Merger talk periodically continues to affect some of the biggest banks, with suggestions again rife that Banco Hispano-Americano and Banco Urquijo, the country's oldest and biggest industrial bank, may make an announcement some time this year. Hispano has previously been talking with Banco Central, which rivals it for second place in the league table.

The merger with Urquijo would formalise what are already close links between the two banks, with Hispano having perhaps 20 per cent. or more of the industrial bank and a representative on its Board. But with Hispano already trying to digest Banif and undergoing a quiet behind-the-scenes revolution, the merger, if it came, might initially concentrate more at Board and policy level than effecting the two organisations structurally.

Rumour

Rumour also mentions the activities of the Rumasa group, which is hardly surprising considering its personalised management style and meteoric growth. Apart from its industrial and wine trade interests Rumasa controls a chain of small banks which appe r to play an important role in its takeover activities.

It is unfortunate for the banks, especially the older-established, that at a time when they are facing reduced income from their direct industrial activities they should also have to cope with rapidly escalating costs. In December last they suffered the embarrassing experience of fairly generalised strike action which though it did not halt work completely delayed many of the banks' operations and caused difficulties for customers. One bank even called in the police to eject striking workers who were trying to hold a protest meeting in the main banking hall.

The net result was that the banks eventually agreed to meet their staffs' claim to a large extent and peace was restored, but not before adding around 25 per cent. to this year's wage bill. As labour has traditionally been cheap in Spain, banks carry relatively large staffs and have consequently been slow to take advantage of modern techniques and equipment. Dismissing staff can also be a difficult process, so that the banks are now caught firmly in the middle of the wages spiral which Government efforts to check are unlikely to prove wholly successful.

However, as one senior banking executive commented: "It is a mistake to feel too sorry for us. Everything is relative and we are really not doing too badly." For a banker, that is probably a relatively honest remark.

Banks still coping well

A FEW weeks ago the World Tourist Organisation voted to set up its permanent headquarters in Madrid—due recognition of the careless determination with which Spain has wooed and pursued the foreign tourist. Never in the history of tourism can a nation have gained so much and sacrificed so much in the name of industrialisation and the balance of payments.

Tourism has to a large extent been the Spanish motor, because without it the so-called 15-year-old economic "miracle" would have been scarcely more than a middling success story. Only last year, for the first time for many years did income from tourism fail to cover at least half the trade deficit, while in 1971, for example, it covered it all but 6 per cent. But there is an uncomfortable feeling growing in Madrid that perhaps 1973 will come to be seen as the peaking-out year when Spain was choked by 34.56m. visitors, equivalent to one tourist for every man, woman and child living in the country. That year the tourists earned Spain just over $3,000m., well over three times the figure of ten years before when there were 14m. tourists.

But then came the oil crisis, which was a double blow for tourism, first by helping to reduce the general level of economic activity in the western world and, second, by striking a savage blow at transportation costs. The results for Spain was 12.2 per cent. fewer tourists and only a very marginal rise in money income, which in real terms represented a loss of about 15 per cent.

Additionally it punctured the bubble of optimism which had surrounded the industry for the past 15 years and had led to a progressive over-supply of hotel beds in particular. It may also have saved those vestiges of undeveloped coastline from the ravages of the speculator. If the experience of 1974 has had one beneficial effect it will have been to force the Government and the industry into a basic reappraisal of policy. The Spanish costas are littered with half-built hotels and apartment blocks as a testament to their earlier misjudgment.

It is also rather ironic to read this year in the local Press highly bullish reports from British tour operators speaking of "a positive avalanche of U.K. tourists." It was the British tour operators who in 1974 helped to make a poor year even more miserable for some Spanish hoteliers. The collapse of several operators and the subsequent "reneging" (as it was seen from Madrid) on debts helped to emphasise how the local hotelier had been squeezed, for the tourists seemed to be holding all the trump cards. But at least this time the promises of a British avalanche are being accompanied by reminders of the guarantees that now exist and the new found stability of the U.K. operator.

Overall, however, no-one is very confident about an avalanche of tourists from anywhere, and the prospects for the year are hardly optimistic. During the first four months the drop in tourist numbers was 2 per cent. In January, 11.3 per cent. in February, almost 33 per cent. in April, and a modest 1.6 per cent. rise in March. Easter week falling in April this year as against March in 1974 explains the exaggerated swings in the final figures for both months. During the first quarter earnings grew by 14 per cent., in real terms a slight decline.

Most hoteliers are also admitting a variable drop in the number of reservations for the remainder of the year, to which many of them are adding the rider that because of the expected fall in numbers there is a natural temptation by customers not to bother with booking. Therefore hope remains, and last year's chestnuts, such as the political situations in Portugal, Cyprus, even Greece and Italy are once again being trotted out as reasons for a last-minute rush to Spain. It seems almost churlish to mention Spain's own political situation, which could prove at any moment somewhat less stable than that prevailing in either Greece or Italy.

At the upper end of the tourism scene the five-star hotels have been reporting a rather larger than average drop in the number of reservations, while the four-star hotels have been promised by the Minister of Tourism that he will consider freeing them from the Government-controlled pricing system. Although the Ministry approved fairly general price rises for this year, they were below what many hoteliers would have wished. Although Spain is still considered a "cheap" country by world tourism standards, inflation has been running well above the levels in France and Germany, which the downward movement of the peseta against the franc and D-mark will only marginally cushion.

Special credits for the tourism sector have been provided by the Government, but this has not been sufficient to stem a growing number of bankruptcies and the spectacular collapse of the holiday property company Sofico. The full facts about Sofico will probably not be known for some time, but its demise should be enough to alert the authorities to the dangers of permitting such "pyramiding" operations to go on unchecked. Aid is also being provided to the winter sports industry, of which there had been such high hopes a couple of years ago. Last winter was probably the most disastrous this budding industry has ever suffered as the fairly generalised drought in south-western Europe left the slopes bare of snow for much of the season. Together with the overall economic climate this has given rise to second thoughts about the highly capital-intensive development of the winter sports sector. More attention is now rightly being paid to upgrading the image of Spain as a tourist resort in order to attract those higher-income visitors who require yachting marinas and golf courses. The Costa del Sol has led the way impressively, and other parts of the coast—at least those which have not been buried under concrete—are slowly beginning to follow suit. Similar efforts are being made to renovate and improve other types of cheaper accommodation that have undergone little change during the past ten years.

Monetary policy comes under fire

SPAIN'S MONETARY policy has followed a rather confused path during the past 18 months as the Finance Ministry and the Bank of Spain tried to come to grips with a steadily worsening rate of inflation, the threat to the balance of payments posed by the increases in the price of oil, an inevitable slowdown in economic activity, and the politically dangerous level of unemployment. Attention moved during the course of the year from trying to help industry through the initial impact of the oil price rises, to alarm over the rise in the inflation, and back to anxiety over the switch-back course of governmental action. This has caused no little consternation in the commercial banks, which have complained of fine-tuning being carried out with a blunt instrument and of the rapid changes in credit policy.

During the last really strong expansionary phase of the Spanish economy, starting in 1971 and peaking in the late autumn of 1973, money supply had increased at an average of about 23 per cent. a year. Towards the end of 1973 it had contracted somewhat to around a 20 per cent. rise, but then under the pressure of increases in the price of oil the authorities allowed it to climb again steadily until in March, 1974 it was above the average for the past three years. From that point until mid-summer the authorities squeezed really hard. In August it is estimated that the annual growth in money supply had sunk to less than 15 per cent. and magazines were shouting from their front pages that there was almost literally no money to be found in the banking system. Having perhaps acted too hard and too suddenly, the authorities then took off the brakes allowing a swift rise in banking liquidity and a rate of money supply increase that by the year-end had touched around 24 per cent. Officially the saga is presented as part of a rather smooth operation designed to bring down the overall rate of increase in the money supply to about 19 per cent. (which was achieved) in line with the anticipated growth in nominal gross national products.

Supply

The most favoured way of controlling money supply has clearly been to change the ratio of cash to deposits in the private banking sector, or to force the banks to compute their cash coefficient far more accurately and at more regular intervals, which can have the same effect.

Overall, the target of the Bank of Spain seems to have been to bring the liquidity levels of the banks as close as possible to those minimum levels they are required by law to maintain. Thus, during last year the banks were at one time forced to compute their cash coefficient on a daily basis, which posed huge administrative tasks for the banks but simultaneously did bring their liquidity levels down very quickly. For a bank with several hundred branches it meant the head office faced a large extra burden with the eventual prospect at the end of the day of having to go out to the inter-bank market in search of overnight pesetas in order to meet the necessary requirements. This need threw a lot of attention on to the inter-bank market—the only one in Spain at the time where interest rates reacted entirely according to the laws of supply and demand. Depending on the strength of the squeezed, inter-bank rates moved from around 20 per cent. during its peak during the last weeks of May and early June to as little as 4 per cent. in the final months of the year and the start of 1975.

Some smaller banks in particular took advantage of the extremely high rates in the inter-bank market, and it is understood that several of them maintained purposely high liquidity ratios in order to have funds available for leading this way. Fortunately for the banks the daily computation of cash ratios was not maintained for long, being replaced with a system of checks every 10 days, which effectively increased the amount of liquidity in the system. At this point the cash coefficient over the ten-day period remained at 7.5 per cent. although it was understood that on no one day was it to fall below 6.5 per cent. However, in May the cash coefficient was increased to 8 per cent. as the authorities tried to restrain the growth in credit and was then eased again by 0.25 per cent. in July when the squeals of anguish became too loud.

After the summer the Bank of Spain followed a more consistent policy, and this was reflected in the inter-bank market, which hovered for the rest of the year in the range of 4-7 per cent. Partly this came as the result of a package of measures introduced in August, which among other things introduced penalties for commercial banks failing to keep within the minimum cash requirements.

Because historically the Spanish regime has wanted to maintain a steady supply of investment funds relatively cheaply in order to maintain a strong rate of growth, it has not been usual for the authorities to use interest rates as an instrument of monetary policy. Only in July last year, when it became obvious that money was much too inexpensive, was the Bank of Spain's rediscount rate lifted from 6 to 7 per cent. As virtually all other interest rates are tied to the rediscount rate they moved up by 1 per cent. as well. However, the increase on current account deposits was only put up by a meagre 0.75 per cent. (to 1 per cent.).

Much more importantly the Government freed the rate of interest offered on deposits of over two years and for loans contracted for the same period. Although such moves have been made before and later withdrawn, there was hope on this occasion that the decision signalled a more general willingness to bring the Spanish system closer to other western capital markets. The real test, however, will be come later this year when a longer term assessment can be made of the extent to which the banks have made use of this facility. Traditionally they have much preferred only to lend short term.

Budget

Meanwhile the budget for this is considered to be mildly expansionary. Introduced in October, 1974, most of its targets have already been lost in the recession. For example, unemployment has already passed the 2 per cent. mark, which was the maximum then considered permissible, and few people now expect the growth rate to achieve the 4.5 per cent. that the (then) minister, Senor Barrera de Irimo, had hoped for. There still remains some chance that the inflation rate can be trimmed by 3-4 per cent., although this too might be hoping for too much. Yet if the downturn in industrial activity keeps on and consumer demand weakens still further, this could in itself provide a fall of around 2 per cent. in the cost of living index.

Overall the budget anticipated a deficit this year of over Ptas.37bn., a large increase over the original 1974 predictions, which suggested a deficit that year of just Ptas.1m. (later revised upwards to a figure very similar to the one now expected in 1975). Certain taxes were raised, such as a 10 per cent. increase of some luxury items, price subsidies of up to Ptas.80bn. were provided for basic foods, and the tax threshold for low income groups was raised to take account of inflation.

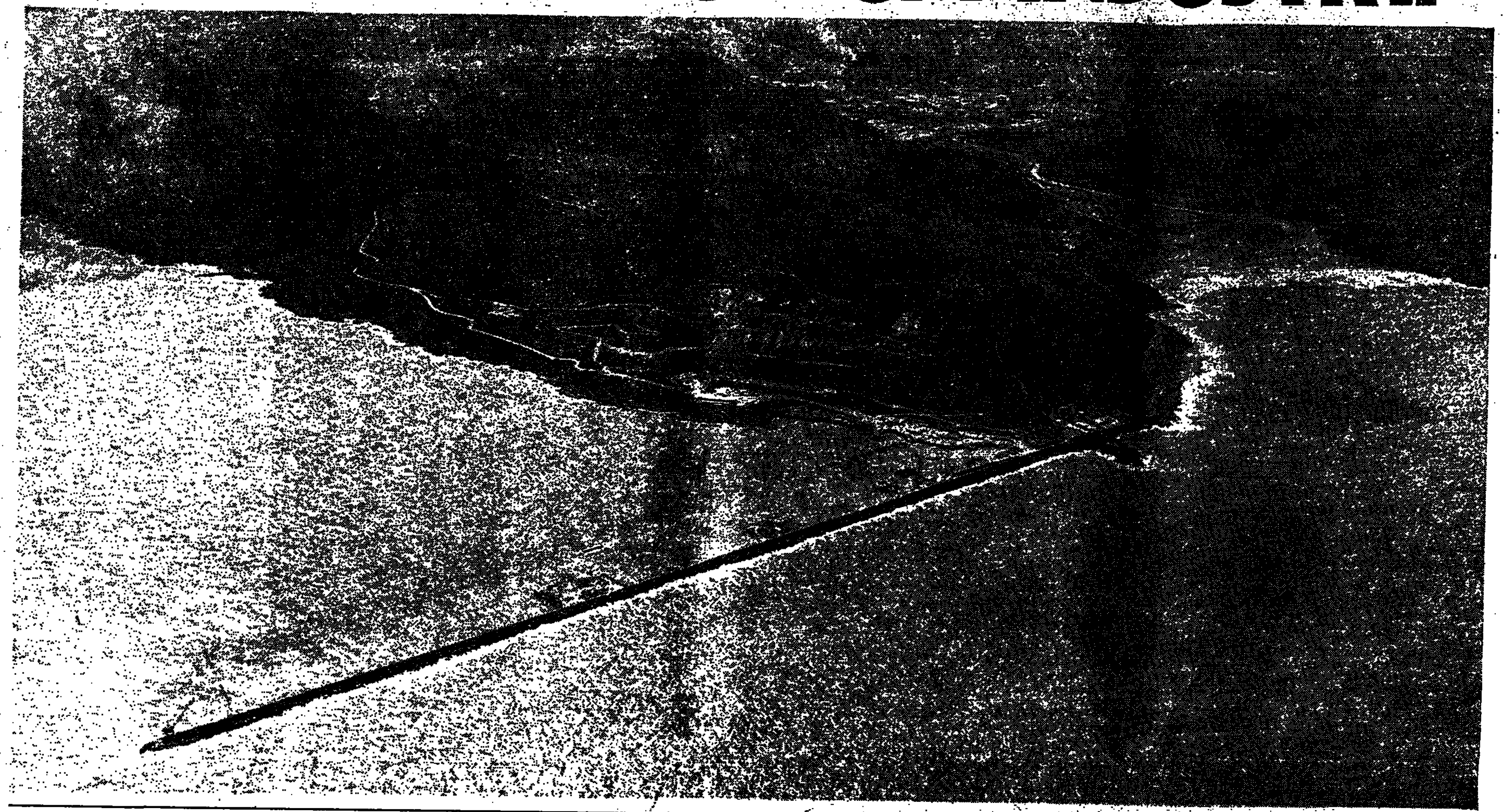
An additional Ptas28bn. was also provided to finance specific projects aimed principally at mopping up unemployment pockets. A list of such works has been drawn up and they will be put into operation when needed, with the accent on cheaper housing. Budget revenue is expected to rise during 1975 by around 17 per cent., while expenditure is estimated to increase some 3 per cent. above that figure. Observers have been rather surprised that the ministry anticipates no more than a 20 per cent. rise in expenditure, especially with inflation likely to mark up at least a 15 per cent. increase this year. However, it is understood that officials are pinning a lot of their hopes on cheaper food prices and the subsequent relief incurred on providing subsidies.

Because of its very dominant position in the economy (some economists have estimated that, taking into account all Government and quasi Government activity, its expenditures can amount to around 45 per cent. of gross national product) it can be expected that official policy will be directed towards ensuring some form of growth this year, and that monetary policy will be less erratic, as it has already been shown to be.

The danger of the economy stagnating at a time of both serious inflation and growing balance of payments problems is too serious a prospect to contemplate without adding to it the possibility of another squeeze on credit. Therefore, if there are major credit problems during the rest of this year it is more likely that they will be imposed by the banks themselves holding back funds in anticipation of extra cash being needed by industrial companies within their particular orbit than by any direct form of Government action.

PETRONOR

A PORT AT THE SERVICE OF THE PETROLEUM INDUSTRY.



The savings resulting from the utilization of mammoth tankers for the long haul transportation of petroleum, as well as the search for greater safety in maritime operations, led Petronor to the construction of the "superport" in the harbour of Bilbao that is gradually being put into service during 1975.

The Petronor "superport" includes berthing facilities for vessels of up to 100 feet in draft and 500,000 DWT, a second facility for vessels of up to 150,000 DWT and a third for vessels of smaller size. The handling capacity is more than 35 million tons per year in crude oil and products, all in accordance with the maximum standards of safety.

The tank farm, joined to the port by 6 kilometers of pipeline, will soon exceed 2 million cubic meters of capacity.

The refinery, which is of the most advanced technical design, has been in operation since July of 1972 with a refining capacity of 7,5 million tons per year and will shortly be expanded to 12 million tons per year.

The Petronor tankers "Arteaga", "Butrón" and "Muñatones", aggregating 745,000 DWT, are capable of transporting 4 million tons of crude oil from the Persian Gulf to Bilbao, and to these three there will soon be added the 361,000 DWT tanker "Santa María", now under construction.

The Petronor "superport" in Bilbao, open to the grand international routes of the North Atlantic, adds strength to the petroleum industry of Spain and provides new and important possibilities for international cooperation.

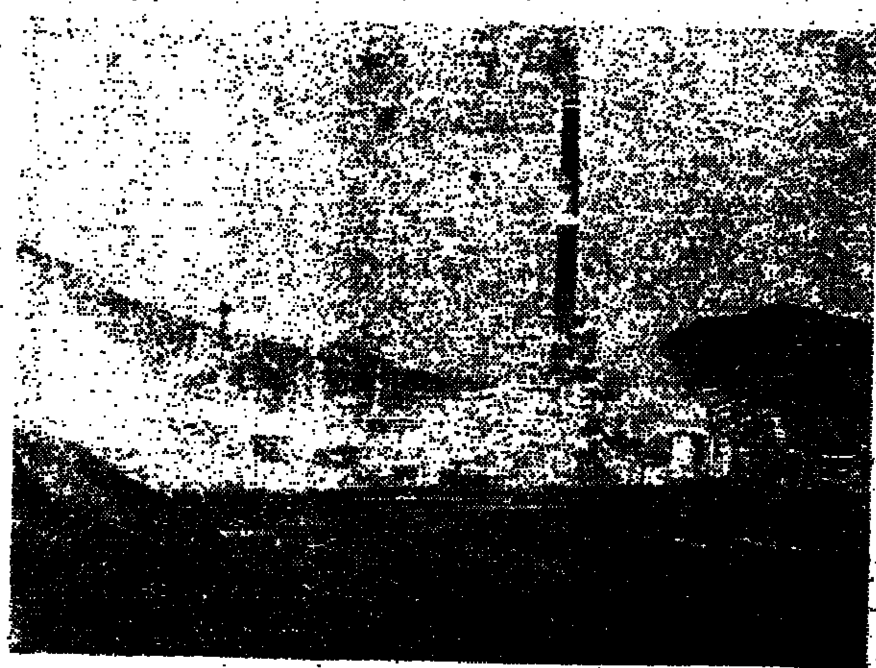
PETRONOR

Refinería de Petróleos del Norte, S.A.

Elcano,1 Bilbao-9

Avda. del Generalísimo,61 Madrid-16

— an interesting geographical location in Europe.



— a modern oil refinery in Europe.

— the biggest spanish tanker fleet.

هكذا من الأصل

Labour relations

AFTER a great deal of haggling dispute and one ministerial resignation, Spaniards were this year given the right to strike *for the first time* in the post-Civil War era. The decision by the Cabinet should have been a dramatic moment in the his*tory of the Franco regime* but in fact it hardly seems to have ruffled the face of industrial relations. In part this is because *Spaniards have been going on* strike for the past 36 years without being permitted to do so, and partly because the *majority* of labour leaders—both official and unofficial—do not anticipate that much use will be made of the new law.

But at least the *formal recog*nition of the word "strike" in the vocabulary of the Government does indicate that, as in *the political field, there is now* some awareness of the direction in which a fast-growing industrial nation such as Spain has to move. *Political* parties are an illegal reality, just as illegal unions exist. Although the Prime Minister knows this, and will privately admit to knowing it, the realities of power in Spain prevent him, even if he wished, from acknowledging them publically.

This is all the more remarkable in the field of labour relations than it is in politics. During 1974 Spain suffered well over 2,000 labour disputes which led to some form of illegal action on the part of the workers. Normally, of course, this took the form of strikes, affecting, according to official figures, nearly 700,000 workers. *Unofficial* labour sources put the figure quite a lot higher. But even on the official version this represented a *massive* increase *on 1973*, when there were only 888 registered disputes involving under half that number of workers.

Calmed

Most of the strikes and most serious conflicts occurred in *the autumn* and spread *through* into the first three months of this year, since when the industrial scene has noticeably calmed. *In the early autumn* Barcelona and Catalonia in general bore the heaviest burden, with around 100 factories affected and involving over 50,000 workers. Valladolid, where the Fasa-Renault car works are situated, the Basque provinces of Vizcaya and Guipuzcoa, and Madrid, normally the calmest of Spain's three premier industrial regions, also contributed, though usually to a lesser degree. However, it must be said in the case of Valladolid that a significantly high proportion of the town's workforce came out on strike at some time during this period.

Progressively more workers became involved towards the end of the year as an increasing number of collective wage deals came up for negotiation. December 11 saw a general strike called in the two main *Basque provinces* which according to some estimates brought out around 200,000 workers and forced some industrial towns to a virtual halt. In Madrid disputes spread to include white-collar workers and most of the major banks were hit by *sporadic stoppages* as the year drew to a close.

Battle

Spain's biggest car manufacturer, Seat, became engaged in a long-running battle with its 20,000 workforce that culminated in demonstrations in the centre of Barcelona and repeated charges by the riot police, while also in January the northern city of Pamplona was in ferment during a sit-in strike by potash miners. This strike had workers throwing up barricades in the town, which for a few days was in a virtual state of insurrection. It also happens to be the site of British Leyland's subsidiary Authi, which then was approaching its last months of production, at least under that ownership.

But if these are just a few of the "highlights" it also has to be mentioned that overall a large number of new wage deals were signed without conflict and that in percentage terms the *number of workers involved in* stoppages remainded relatively low.

In part this is due to the toughness of company action that can result from a strike. For example, in 20 of the main disputes during 1974 approximately 46,000 workers were sanctioned (usually by lock-outs) and 6,800 sacked, although a small proportion were later readmitted. In the first three months of this year alone 1,600 men were sacked in Catalonia, a heavy proportion of them coming from the Seat car works, while in the whole of Spain the number topped 4,000 during January and February. Over 80 Fasa-Renault car workers alone have lost their jobs this year for labour indiscipline.

The aim of *this policy* is obviously to remove the strike leaders and hopefully on the part of the management to ensure *a period of peace*. Occasionally this does seem to work, as has been witnessed in some Barcelona factories during the early part of the year, although few people consider it to be a long-term solution.

Attempting to pinpoint the causes of these disputes is not easy. Basically, however, the principal reason during the past six months has been the rapid increase in the cost of living and the rejection by workers of management offers. Token stoppages are then met by sanction which can lead to full-blown strikes, more sanctions and lockouts, and then capitulation or an uneasy truce.

Strikes for purely political ends do occur but usually they are confused with parallel *demands for improved economic* conditions. Thus although the Basque general strike on December 11 could be dubbed *political*, much of the literature distributed by the underground unions stressed more the economic reasons for downing tools. Invariably, however, there has to be a political reason behind every stoppage because of the vertically organised, officially run system of State trade unions which is coming under increasing pressure from workers demanding their own independent organisations.

Although in theory workers have the right to strike they cannot meet without prior authorisation (invariably they never bother to ask because of the overwhelming number of refusals), and they cannot put their views forward openly. A surprising number of wage claims submitted in the past months have also included the politically impossible demands of the right to strike (without qualification) and the right to free assembly.

Tied in with this are workers' demands to elect their own representatives. Attempts are currently being made, parti*cularly by the Communist* Party, to use the official machinery for electing the most junior ranks of official trade *union representatives to* infiltrate and even dominate the system. During the present elections for these posts the Com*munists have put forward* a large number of candidates, although other illegal parties are urging their members not to vote or to write-in candidates, such as Sophia Loren, as they have done in the past.

Conditions for standing as a candidate are, however, heavily hedged around. For example, a worker has to have been employed in his present job for over a year and he must have a "certificate of previous good behaviour." This means that no worker who has been sacked in the past (invariably the most militant ones) can try for election and that the existing senior *union officials can anyway re*fuse to accept a candidate for other "moral" reasons.

The question of "representation" has also become an important issue among the professions and was the focal point of a strike by actors and actresses in Madrid and Barcelona recently. They demanded that their own freely-elected committee should be permitted to negotiate a new wage agreement, while the impresarios naturally refused to deal with anyone but the official *sindicato* (union representatives). The Minister in charge of the unions actually met the actors' committee and explained the political impossibility of their demand.

As a supposed safety valve for *existing labour tensions it does* not seem that the newly passed strike law is going to prove very efficient. Because of the com*plexity of its structure* and the veto power that senior *sindicato* officials are given, few militants consider it of any value. For *example, from the moment* workers' representatives declare that they are in dispute with the management to the moment they are legally allowed to lead their men out of the factory some 18 days have to elapse, during which time three votes, each of them needing a 60 per cent. in favour vote, have to be taken.

Equally the strike cannot be considered legal if it is attempting to modify an existing wages agreement, if it has any motivation other than strictly labour, if it is in sympathy with other workers, if it affects more than one factory, if it involves public services, if it leads to the occupation of the factory, if it affects the security establishments. None of the prominent underground trade union organisations are taking the law seriously, just as the political parties are declining to take part in the Prime Minister's scheme for political "associations." But they do consider the fact that the right to strike has been granted is an indication that the regime feels itself to be under pressure.

Protest

Senor Licinio de la Fuente, who was involved in drawing up the law in his former capacity as Minister of Labour, resigned before it was published—partly, it is believed, in protest against the unwillingness of his colleagues to countenance any change in Article 103 of the Labour Law. Article 103 gives employers the right to sack workers taking part in strike action but does not force them to take the men back if a labour tribunal later rules that the dismissal was unfair.

What often happens is that employers take advantage of another clause in the law which permits them to pay compensation instead. Often this is thought to be worth the price in order to get rid of someone considered to be a militant. There is thus no effective appeal against dismissal, a fate that often leads a worker being placed on an employers' black-list and means that subsequent jobs are very hard for him to find.

With unemployment rising, inflation showing only marginal signs of abating, overtime being reduced, and wage increases being tied to the rise in the official cost of living index, it is difficult to forecast a smooth path for labour relations in the short term. Probably the best employers can hope for is that the recession will make their workers more cautious before embarking on militant action.

Industrial output falls off

THE BROAD outlines of Spain's industrial performance last year are similar to those of other Western industrialised nations, but with the *important dif*ference that the downturn did not reach Spain until almost the middle of the year and even then in a fairly mild form. It was not until the final quarter that production began to drop really sharply, although the decline has since steadied and there are some indications that industrialists anticipate an increase in investment later in the year.

Activity remains on a mildly downward curve. The most *optimistic scenario is that after* the August holiday break production will steady and then begin moving upward in the early months of *1976*. Many economists feel, however, that as so much depends on the rate of recovery in the U.S., West Germany, France and even Britain this time-table could be delayed by several months.

Unemployment, for example, is still increasing, order books are well below what is considered "normal" and only recently have some industries begun to run down their stocks significantly, all of which lends weight to the "delayed *recovery*" views. As Spain was six months late into the crisis perhaps it will emerge six months after other countries.

Mainly because of the buoyancy of industry during the first four or five months of 1974 the GNP grew by 5.6 per cent. which was above the 4.6 per cent. achieved in the last previous cyclical downturn in 1971 but well down on the 10.9 per cent. recorded in 1972 and the 10.1 per cent. of 1973.

The most dynamic sectors proved to be food, drink and tobacco, with an average increase of 10.66 per cent. (drink alone put on 18.3 per cent.), *metal-working* 9.1 per cent., chemical products 8.9 per cent., paper and printing 7.9 per cent.

Those well below the average rate of growth for the year included mining, petroleum and coal derivatives (which hardly *surprisingly* showed virtually nil growth), consumer items such as furniture and skins, and the textile industry, which was anyway on one of its periodic downturns.

Unemployment—virtually unknown during 1972 and 1973—was also extremely low during much of last year. In the first six months only 1.3 of the active workforce was estimated to be out of a job, and of that *proportion* a certain number might qualify for the "unemployable" label. Spanish figures also do not take account of *those people partially employed*, especially in agriculture.

Studies

But by November the figure had reached 1.6 per cent., was up to 2 per cent. by the end *of the year, and is now esti*mated to be in the region of 2.3 per cent. Separate studies have indicated that on the basis used *by other industrialised nations* the rate would be around double the official figure. Although there is so far not too much concern expressed officially about the migration patterns of Spanish workers this factor is likely to play an increasingly *important role* in the second half of this year. Emigration has fallen to a trickle, while an increasing number of workers, particularly from West Germany, have either returned home or are planning to do so. This would *add significantly* to the pool of unemployed.

Total employment *in industry* during 1974 is estimated at almost 5bn., an increase of 90,800 over the previous year. However, this represented a rise of only 1.9 per cent. compared with the 2.4 per cent. in 1973, a year of near-peak industrial activity. The construction *industry forms* a very large part of the industrial sector, employing last year some 1.1bn. workers and is also suffering the worst *unemployment rate*.

The index of average pay per hour worked also showed strong wage inflation during the course of the year—something which has added significantly to companies' costs. During the first half of the year the increase in the all-industry average was close to 25 per cent., although even the coal miners, who lead the wages table by a substantial margin, *failed* (according to official figures) to achieve the equivalent of £1 an hour.

This appears to put Spanish wages *more into a European* context, especially when it is seen in the same index that a large proportion of workers *earn under 50p per hour*. With pay increases in some of Spain's main trading partners running at percentage levels not sub*stantially lower it seems that it* will be very many years before the Iberian peninsula loses this particular competitive edge. The labour intensive building industry paid an average basic increase of 33.7 per cent. to hourly-paid workers last year but this still meant that for a 50-hour week the men would receive not much over the equivalent of £18. Figures related to actual earnings would probably be far more revealing.

The Government has now decreed that wages cannot rise more than the cost of living index during the previous 12 months, as officially measured, plus 3 per cent. in exceptional circumstances.

For wage deals negotiated in, say, May of this year this would indicate that the maximum permissible rise would be 16 per cent. (the rate of increase in the cost of living index over the past 12 months) plus perhaps 3 per cent. Clearly this is well below the levels of expectation last year and with many ordinary people disbelieving the official index it could prove an interesting test of the Government's willingness to make its economic policy stick. It could also be *the forerunner of more* serious industrial unrest in the autumn if the Government tries too hard and too successfully.

In line with the experience of the rest of the Western world Spanish industry has also had during the past 18 months *to endure very sharp increases* in raw material costs, with oil of course leading the way. Although the Government has *attempted to provide some relief* through, for example, lowering certain taxation rates, not all of the increase has been passed through in price rises, especially in sensitive areas such as car manufacture where passing on the price rise in full would have damaged consumer expectations to a serious extent. The Government has preferred to force the companies involved to absorb *a far higher percentage of the* increase than they would normally like.

This, together with a number of other factors, has led to a steady decline in investment during the second half of last year and into the first months of 1975. Only now are industrialists beginning to talk hopefully of a change in the pattern, *perhaps* in the late autumn. During 1974 the most expansive sector proved to be mining, and particularly coal, followed by *chemicals* and metalworking. According to the latest industrial questionnaire the mining industry remains optimistic *about investment prospects, the* metals industry reasonably hopeful, chemicals roughly neutral, while pessimism exists in the *food and drink industries and* there is gloom in textiles.

Interestingly, one of the more negative factors noted among industrialists was their anxiety over the efficiency of foreign competitors in penetrating the domestic market. This feeling apparently grew *steadily during* 1974 and was responsible for some companies wondering whether it was worthwhile step*ping up investment in the face* of such competition. The other predominant factor has been financing difficulties, both in *borrowing from banks and other* sources, and as a result of self-financing being squeezed by the pressure on costs.

Anxious

The Finance Ministry has so *far this year maintained a* rather less erratic approach to the money supply than was experienced in 1974 when com*panies suddenly found funds in* extremely short supply on more than one occasion. Obviously the Government must be anxious to achieve at least a modicum of growth and will accordingly try to ensure that there is enough cash available to get companies through liquidity problems and that the State-run agencies have enough funds to avoid too serious a slip in investment levels. INI, through which the State controls its participation in heavy industry, will obviously play a major role in pushing industrial growth toward the four per cent. mark, which may be as much as can be hoped for.

Foreign investment slumped by nearly 53 per cent. last year, although more anxiety has been expressed in the past three *months than during 1974*. There seems to have been a particularly sharp drop in the number of inquiries recently and critics *of the Government consider* it extremely unwise to have turned away General Motors. However, construction work on *the Ford Motor Company* complex is now in full swing and this is also generating important investment in ancillary industries. Some U.S.-based companies are opening up specially to service the Ford plant.

The reason for the drop in *foreign investment* is officially explained by the relatively sad state of the economies of most of the major investing countries, and there is little pessimism about the long-term trend.

Although the general turndown in Spain's economy has also put a squeeze on profit margins there has not so far been any of the spectacular liquidity problems or collapses that have marked the progress of the recession in other countries. To an extent this may be because the slump has yet to reach its peak in Spain, or because with the heavy involvement of banks in industry there is a prop for certain companies built into the system.

Eventful days for the car makers

THE RECENT history of the motor industry in Spain has been nothing if not eventful. The closing down of production at Britain's Leyland's manufacturing subsidiary, Authi; the rejection by General Motors of the terms set by the Government to begin operations in Spain; serious fires damaging both the Authi and Fasa-Renault plants; rumours that Fiat wants to take control of Seat, the biggest of the car companies and one in which the State has a 37 per cent. stake; serious strikes affecting Fasa-Renault, Seat and to a lesser extent British Leyland; and on top of all that a serious slump in sales during the last quarter of 1974, and for the existing manufacturers the ominous sight of work progressing steadily on the new Ford manufacturing plant at Almusafes near Valencia.

And all this has to be seen against the background of the sort of bullish optimism as expressed by the (then) Minister of Industry, Senor Alfredo Santos Blanco, just over a year ago. "Personally I don't think the domestic demand in 1974 will show any decline over the previous year. The motor industry in Spain has a brilliant future. And I can confirm that no company has asked to put off any develop*ment project*, nor have I been consulted about even a possible delay."

Trailed

The Minister went on in similarly stirring vein to predict that Spanish car production would top 1.5m. units in 1977 and that over the period 1977-78 Spain would export over 500,000 vehicles. Obviously the Minister had not been reading about what was already happening at that time in the rest of Western Europe and the U.S., although in his defence it must be said that Spain was at the tail end of such a strong economic surge that it trailed some six months behind other countries in feeling the effects of the fall-off in world trade and the dampening effect of the rise in oil prices.

Not until the final quarter of the year did the motor industry really feel the pinch. There was a marked reluctance to believe that this would have to be reflected in lower levels of production, with the result that there was a strong build up in stocks which only very recently has begun to diminish.

From the British point of view this year has proved particularly disastrous. It has lost a manufacturing toehold in what should prove over the long term to be a strongly developing market, while at the same time the disagreement between the Government and General Motors has cost the company many millions of pounds. Instead of the £27.5m. which was agreed between the two companies for the sale of Authi, Leyland will now be lucky to emerge within even a *few millions. It is also unclear* how many of the 10,000 cars in stock can now be sold, although there are hopes that around half of them will go to export markets.

For the 4,500 Authi workers the story is no less of a disaster and their future wellbeing is now the main concern of the remaining Authi management as they continue to look for a solution for the three manufacturing plants. It seems that Seat may be willing to purchase two of them, but once again everything is going to rest on the attitude of the Government.

The existing manufacturers who lobbied so vigorously to keep General Motors out should certainly feel well pleased with their efforts. The fact that three of them, Seat, Fasa-Renault and Citroen, were prepared to consider setting up a consortium to buy Authi—with all the poor company logic that implies—indicates the strength of their feelings. Also during the final quarter of last year they had seen total domestic sales tumble by 20.2 per cent., and it was only thanks to the 4.4 per cent. increase during the first nine months that the final picture of 2.3 per cent. down on the year as a whole was not very much worse. Exports also suffered, dipping by 13.2 per cent., making the overall sales drop for the Spanish motor industry some 4.7 per cent. The rate at which stocks build up during the second half of the year can be gauged just by looking at Seat, which accounts for around half of the country's annual car output. During 1974 the company actually produced 364,695 cars, an increase of 1 per cent. over 1973, while its domestic sales at 284,559 were down by 5.3 per cent.

Difficult

The President of Seat, Senor Sanchez-Cortes, in his recent *annual address to shareholders* warned that no real recovery in demand levels could be expected until into 1976, and that it *would* be extremely difficult for the industry to reach total sales of 1m. units by 1980. He also stressed the cost problems the industry was facing, especially as the permitted price rises for cars had lagged far behind the increase in the cost of living during the past few years.

This is true of all the manufacturers who having cut back production and with largish stock on hand can do little but wait for the first signs of an upturn in demand. During the first three months of this year the number of new cars registered in Spain totalled 127,422, as against 143,524 in the comparable period of 1974, a decline of 11.2 per cent. Production during the first four months has tumbled by 23 per cent., which reflected not only the reduced output plans but also the strikes which affected parts of the industry.

The month of April proved marginally more encouraging and permitted manufacturers to run their stocks down by an estimated 21,100 vehicles, while exports also rose slightly over the comparable month last year. It is still too early, however, for the companies to talk about a revival in sales, and there are fears that the key summer months could prove disappointing.

But the fact remains that Spain has not been so badly hit as most other car producing nations in Europe and that the *events of the past 12 months will* not weaken Madrid's aim to become a major manufacturing centre for heavy lorries as well *as for cars. Car ownership in* Spain is still half the level of that in Common Market countries, offering a strong domestic base for such aspirations. Admittedly the home market is extremely well protected with some very high tariffs which, of course, would have to be progressively dismantled if Spain is one day to make an application for EEC membership. One of the other big attractions of Spain as a manufacturing centre is the relative abundance of labour, and wage rates, that, while catching up on Europe slightly, are well below the levels paid in West Germany, France or Britain.

Foreign policy issues

THE TWO dominant issues for Spanish foreign policy during the past 12 months have been events in Portugal and the worsening of relations with Morocco, which in their way have been as important in the wider global sense as they have on the strictly bilateral level. As both involve directly and indirectly Spanish army attitudes, the repercussions have also served as pointers to relative political weights inside Spain and most crucially the development of thinking within the armed forces.

The Portuguese revolution has been watched in Madrid with extreme anxiety but with a studied outward calm. Its beneficial effect, in so far as the Spanish regime can see one, is that the sharply leftward drift in Lisbon has revealed the importance of the Spanish contribution to overall Western defence. This, since the original bases agreement was signed with the U.S. in 1953, has been something which, according to Spanish eyes, has been carefully ignored by Washington's Nato allies.

From Madrid's point of view there seems something extraordinarily illogical about embracing either the dictatorial regime of Dr. Salazar or the present Communist-influenced Government while rejecting even publicly to recognise the 22 year-old participation of Spain. If Spain is politically "unfit" to join Nato, why was Greece under the colonels still tolerated by the British, Dutch and Scandinavians, the most hostile of Madrid's critics and direct opponents to Spanish membership? As every Spanish diplomat knows the answer is historical, and as last month's Nato summit revealed the alliance would probably consider a Spanish request to join should a more democratic system follow the departure of General Franco.

That presupposes that Spain after General Franco would want to join Nato or indeed to maintain what the present Government believes is a very lopsided agreement with the U.S. Although there is undoubtedly a certain amount of kite-flying about repeated warnings in the Madrid Press that Spain is prepared to take a very tough line with the U.S. over the present renegotiation of the bases agreement, this should not disguise the fact that, especially within the armed forces there is genuine and deep-seated resentment at the way they have been fobbed off "with second rate, second-hand equipment."

Discontent

But if this is the primary cause of current discontent on the strictly military hardware level, it is also known that some members of the General Staff and other senior officers have been discussing far wider policy issues involving Spain's overall role in Western Europe and where, taking into consideration internal political evolution, the country's future should lie.

The Spaniards dislike being in the front nuclear line as a result of the Rota naval base, and even more positive recognition of this by the Americans might not be sufficient one day to stem the desire for a "de-nuclearisation" of the Iberian Peninsula in particular and perhaps of the South Western Mediterranean in general. The present heirarchy within the regime and the Armed Forces is undoubtedly basically disposed towards renewing the bases agreement, albeit with some modifications, because there are for them no genuine policy alternatives. However no-one supposes that this balance within the heirarchy is going to be exactly maintained after Franco, and at that time, presupposing a more liberal system, the policy alternatives will emerge.

Several opinion polls have also shown that at least 50 per cent. of Spaniards are opposed to a continued American presence, and there is a widely-held belief among most of the country's illegal political parties, some of which might be invited to play a role after Franco, that the U.S. will be unable to resist trying to influence Spain's internal events. Indeed, whatever the truth, it would be beyond the power of the Americans to convince most political activists in Spain that the CIA is not already very hard at work. And there is no reason to suspect that after Franco Spain will have a Government any less nationalistic or less sensitive to foreign interference and criticism.

It is also fair to guess that whatever this Government's composition, one of its first tasks will be to offer the armed forces a more modern image through the purchase of new weaponry. There is a body of opinion that would like Spain, if feasible, to develop its own armaments capability along the lines of the Swedish model, and to this extent France may have an important role to play. This might provide the basis for a formal military break from the U.S., while trying of course to retain normal friendly relations. This would simultaneously please Moscow, which in return might exercise whatever influence it has over the policy inside Spain of the Communist Party. Although highly speculative it might not be too long before the U.S. in particular and Nato in general had to face up to a Spain prepared to be much more flexible and imaginative about its foreign policy alternatives.

On the bilateral level relations between Spain and Portugal have for the past 12 months remained cordial but cool, as befits neighbours which according to the present composition of their regimes are ideologically totally opposed. The Spanish Government has been careful not to say anything directly critical about Portugal and was all too anxious to be rid of General Spinolá and his brother officers when they fled by helicopter across the border on March 11. Trade between the two countries has diminshed sharply during the past few months, although this also reflects the slowing of industrial activity in both countries and more acutely the reluctance of foreign companies in general to risk anything on the Portuguese market.

The anxiety about the length of the land border remains paramount in the eyes of Spanish security forces, but so far, apart from Press conferences given by illegal Spanish groups in the Portuguese capital, there is little sign of across-the-border political activities. However, this remains a potentially highly sensitive issue, especially if a truly Marxist regime eventually emerges in Lisbon. Portuguese allegations that a right wing "liberation army" was forming in Spain probably had an element of truth in them, in that a few Portuguese exiles in Madrid were discussing ways of bringing down the Armed Forces Movement, but though perhaps sympathetic to their aims the Spanish police are thought to have been under instructions not to give these people any encouragement. The Spanish have, however, become increasingly irritated about attacks on Spain published in the Communist-dominated Lisbon Press, though it has to be added that certain Spanish reporting on the Portuguese situation has been something less than objective.

Across-the-border activities have been a far more sensitive issue to the north, where France has been increasingly bitterly accused of refusing to take action against Basque separatist groups operating from their soil. Spain's para-military Guardia Civil has been deployed in growing numbers in the border region in an effort to stop these separatist groups getting back to France after carrying out attacks in the Spanish Basque provinces. With the declaration of a state of emergency in two of the provinces, the situation there has deteriorated rapidly with a wave of relatiatory attacks by extreme right-wing groups that have spread across into France.

Traditionally France has been Spain's best European friend, with both President de Gaulle and President Pompidou stating publicly that they would like to see Spain joining the Common Market. However, since France refused to grant the extradition of six men accused of killing Spain's Prime Minister Carrero Blanco at the end of 1973, relations have cooled, leading to such minor irritations as French tourists having to present passports at the border instead of the previously accepted identity cards. The visit by Prince Juan Carlos to President Giscard d'Estaing is thought to have paved the way for improved future relations, but until the Prince takes power no solution to the running sore posed by the Basque problem is likely to be found.

Meanwhile the clash with Morocco over the future of the Spanish Sahara has deepened, although there are signs now that Madrid, spurred on by the General Staff is looking for a rapid solution. The collapse of its sponsored Party, the PUNS, during a visit by a UN fact finding team has played a key role in this process.

Evidence

The desertion of locally-recruited troops and the relative strength of the Frente Polisario, which wants to end all ties with Spain, provided further evidence that following the referendum it would be unlikely that the indigenous population would opt for anything but a clean break from Madrid. Given the vigour of the Spanish response to King Hassan's scarcely-disguised aims towards the two enclaves of Ceuta and Mellila on the Moroccan coast—when task forces were sent to both ports—the surprising lack of direct Spanish action when 14 of its troops were kidnapped near the Moroccan border was an important pointer to the way the balance was swinging. The disarming of more locally recruited troops and the evacuation of Spanish families from El Aiuun showed that Spain was either clearing the decks for action or had realised the impossibility of getting itself involved in an unwinnable guerilla struggle that showed every sign of further alienating the local population.

Thus, despite the attractiveness of the phosphate deposits and the potential of even greater mineral wealth, there was no question that militarily and politically the chances of a successful solution were minimal. General Franco is thought to have accepted this only very reluctantly but with the instinct that argues against engendering real dissatisfaction among the men upon whom he basically depends for keeping him in power.

Avenues

As a result the initiative now rests with the Spanish Foreign Office, which is exploring a number of avenues, including asking the Arab League to act as an intermediary. Spain has always been careful to maintain good relations with the Arabs and still does not have diplomatic relations with Israel. However, the alleged "special relationship" with the Arab world has not brought the benefits during the past year that some Spaniards had hoped for. The economy has been hit no less than any other in the Western world by the steep rise in crude oil prices, while unlike some other countries Spain has seen little spin-off via increased trading relations with the oil-producing nations. Iran has been assiduously wooed with visits by Prince Juan Carlos and by a top level team of ministers but although a major trade deal has been suggested the weeks have passed without any formal announcement. At a time of growing concern about export performance and a seriously worsening balance of payments these are precisely the kind of deals that Spain urgently needs.

Common Market negotiations have also been a constant cause of concern during the past 12 months, with substantive talks leading to a new trading agreement being persistently delayed. Hopes are again rising that a new deal may be signed in the autumn, with the Germans offering some behind the scenes encouragement for Spanish membership should the country move towards democracy after the departure of General Franco. The Germans have been the most pragmatic of the EEC countries in their overall dealings with Spain. While Britain, for example, adamantly refuses to have anything to do with the present regime, the Germans, both officially and unofficially, have been getting to know the new generation of politicians.

President Giscard d'Estaing of France has done much the same with his strictly private meeting with Prince Juan Carlos, who must have given him some indication of the way in which he would like to see Spain develop.

Apart from occasional visits by Labour Party delegations as evidence of solidarity for fellow socialists or trade union officials facing trial, there is little sign that the British Government is willing to undertake any more active role in encouraging the development of democratic parties or of informing itself about the thinking of people who are likely to play a key role in the future.

Gibraltar, for so long the most obvious thorn in the side of Anglo-Spanish relations (apart of course from antipathy to General Franco) has not been a front line issue of late, with Senor Manuel Fraga Iribarne, Spain's Ambassador in London, apparently being so preoccupied with his own political ambitions that, apart from token letters to the papers, he has not had too much time to devote to the issue. But anyway he can only really reflect the attitude of his Foreign Office, which has not shown too much interest in the topic lately. Spain's claim to the Rock has not of course diminished in any way. As ever its eventual solution will probably have to wait a change in the Spanish regime.

Neither since the departure of Senor Lopez Bravo in the summer of 1973, has there been much in the way of new initiatives towards Eastern Europe, although trade with the Soviet Union has marked up some useful deals, especially in helping to reduce last year's "wine lake."

The present Foreign Minister, Senor Cortina Mauri, has not shown himself to be a man devoted to travelling or to developing new policies, partly, perhaps, because he has been so heavily involved with the current crop of problems.

After 500 years of rule by the Portuguese, Mozambique to-night achieves its independence. **J. D. F. Jones reports**

Signals from Africa's new frontline

THE PORTUGUESE, who have ruled Mozambique for nearly five centuries and whose flag comes down to-night in Lourenço Marques, are not highly regarded by their White neighbours in Rhodesia or by the South Africans. The point is that, to the Southern African colonialists of English or Protestant descent, the Portuguese scarcely qualified as White men.

There is a racial slur here, of course, because the Portuguese have always shocked and fascinated the Anglo-Saxons with their tolerance of multi-racialism. It is also a disdain based partly (and not without justice) on the fact that in these 500 years the Portuguese in Angola and Mozambique clung to the coastline and made a minimal impact on the development of their vast territories. It also happens to be a part of the reason why the South Africans (and Rhodesians) *allowed* the Frelimo guerilla army to vanquish the enormous conscript armies of the Portuguese without intervening so as to deny the African Nationalists entry south of the Zambesi which now takes the African frontline to the very borders of the Transvaal.

Warning

But it is also a warning against supposing that the independence of Mozambique to-night and of Angola in November is necessarily going to usher in the early and final retreat of the Whites from the African continent. The writing may, indeed, be on the wall, in the view of some observers see it; most of the Whites of Rhodesia and South Africa have not yet agreed to scan it. There is an immense difference of determination—not to speak of calibre, of numbers, of wealth, of power, of alternatives—between the Portuguese rulers and their Afrikaner counterparts. The Rhodesians may already be too weak and too few to be able to maintain their system for much longer—unless the South Africans decided to support them. But the South Africans are going to be a very different matter, and the fluency with which Mr. John Vorster's government in Pretoria has tolerated and even welcomed the change of regime in Lourenco Marques is a vivid clue to their realism, and thus its strength.

As is widely understood, and as would in any case be clear from a glance at the map, the transfer of power in Mozambique from the colonial regime to a radical and (for the first time in sub-Saharan Africa) a militarily victorious Black government means that, in the first place, the actual economic as well as the potential military pressures on Rhodesia will be considerably strengthened and, in the second and subsequent case, that the military conflict between Black Africa and apartheid South Africa comes closer—or alternatively, that the pressure for voluntary change inside South Africa will be much enhanced.

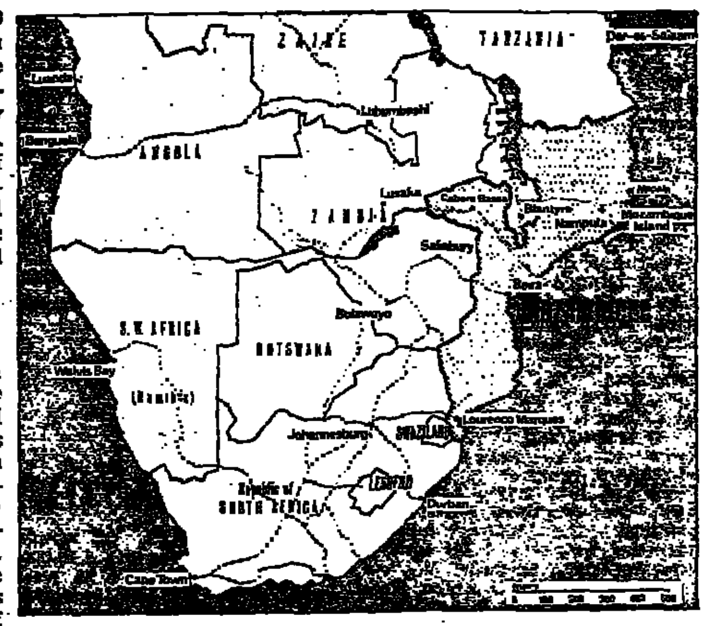
Much wil depend, of course, on the progress of events inside Mozambique—on the speed with which the Frelimo government gets a grip on this poor and unintegrated country and on the extent to which it will be forced to concentrate its attention exclusively on domestic problems. Inevitably the 43-year-old President, Samora Machel, who entered Lourenco Marques yesterday for the first time in a dozen years, is an unknown quality. His main instrument will have to be the army of about 12,000 made up of his guerilla fighters of whom 5,000 have just been retrained in Tanzania with the help of the Chinese. This army is exclusively Frelimo and is highly politicised. On these soldiers, and on the similar number of civilian Frelimo cadres, will depend the hope of internal stability in a country whose tribal divisions were exploited by the Portuguese

Rudimentary

The war went on for ten years and the inadequacy of the achievements of the colonial government (infrastructure is still rudimentary; education skimpy the much vaunted multi-racialism largely exaggerated) means that Mozambique goes independent largely unprepared. In effect Frelimo has had nine months—as against the 2-3 years of Zambia or the 5-10 years of Ghana and Nigeria—to get ready for independence.

The consequences cannot be ignored and are made worse by the fact that fewer than 40,000 of the country's 200,000 Whites have stayed on: though some of those who have left may decide to return in due course, especially in view of the grim economic prospects in Metropolitan Portugal.

The experience of the past nine months, however, has been rather encouraging. The transitional government of half Portuguese, half Frelimo members has worked well in the circumstances and certainly compares well with the experience in Angola. The threat of a Mozambique UDI has never seemed credible—the comparison with Rhodesia cannot be sustained very far—and a racial situation which looked ugly last year seems to be under much firmer control.



A major economic statement is expected from President Machel, presumably to-morrow morning. Neither he nor his Premier, Joaquim Chissano, has yet spelt out central policies such as what will happen to privately-held farms or foreign-owned plantations, or the role of foreign investment in general, or the extent of the socialisation planned for the economy. The first and most fascinating question will be to see the extent to which the Frelimo Government shows itself realistic enough to make concessions, for the time being, in its professed ideology—in the economic as well as political field.

This realism has already been seen in the reluctant decision to continue certain of the links with South Africa: thus, South Africa's diplomats have been sent packing but the trainloads of mine workers will continue to travel up to the Reef (President Machel's brother was killed underground). The fact is that Mozambique's economy was created at the turn of this century to serve South Africa's—providing transport routes to the sea, holiday resorts for South Africans, labour for the country's industry, multiracial sex in the bars of Lourenço Marques, and so on. Beira did much the same for Rhodesia. President Machel is unlikely to be ready yet to try to snap the chords and consign his people to even greater economic difficulty.

A similar question must be asked about the President's realism in the political field. This applies not so much to his attitude to South Africa as to Rhodesia and will be the subject of anxious inquiries in Lourenço Marques and Pretoria this week by David Ennals, the Minister of State at the Foreign Office who is Britain's envoy to the independence celebrations.

There is not the faintest doubt about the commitment of the Frelimo guerillas to principles of multiracialism and revolutionary socialism: their feelings are aligned to those of Presidents Julius Nyerere and Kenneth Kaunda, and they have won a war to prove it. In this sense, any South African who thought that the new rulers in Laurenco Marques could be persuaded, or induced by economic self-interest, to overcome their detestation for apartheid and the whole South African system would be deceiving himself. But these men also know that it is Mozambique itself which should be their priority. However, they also share the Nyerere-Kaunda thesis of the three-stage overthrow of White supremacy in southern Africa, first, the Portuguese; then, Rhodesia; finally, South Africa. And, if need be—if persuasion and economic argument fails—this is to be achieved by force of arms (which is the way President Machel and his colleagues dealt with the Portuguese).

The Frelimo rulers are, therefore, likely to join their African fellows in concentrating on Rhodesia, leaving the Republic to last, much later. The strategy is the familiar and obvious one of throwing Mozambique into the international economic blockade of Rhodesia and, if this does not work, supporting the Rhodesian Nationalist guerillas.

On the military side, Frelimo is certainly likely to allow the Zimbabwe guerillas to have sanctuary and supply facilities inside Mozambique's long frontier with Rhodesia. It is also preparing to help train large numbers of Rhodesian Africans in the South Tanzanian camps which President Machel's followers have just vacated. The attitude towards Black guerillas striking at South Africa itself is likely to be much more cautious for the time being—though the speed with which Pretoria has fortified its frontier at such points as the Kruger Game Park shows that they are certainly not taking the threat lightly.

But the main interest of to-morrow's policy speech by President Machel will be whether or not he announces the immediate—as opposed to the later—imposition of sanctions against Rhodesia. That this move was likely has been a cardinal assumption of much international diplomacy during the past year. The South Africans, for example, are known to have decided a long time ago that the Portuguese were going to be beaten, and that they would therefore have to live with a potentially hostile Black radical government next door. This awareness must have played a large part in Mr. Vorster's bold decision to seek a detente throughout Southern Africa, even though this implied the abandoning of white Rhodesia.

The same factor has loomed large in Mr. James Callaghan's hopes for a Rhodesian settlement. At the Commonwealth Conference in Kingston, for example, it was assumed that the announcement of the closing of Rhodesia's import/export routes through Mozambique — which has up to now been the major gap in the blockade — plus the considerable evidence that the South Africans would be either unable or unwilling to carry Rhodesia traffic, the threat that Botswana could cut the only other rail line to the outside world other than Beit Bridge if a coup de grace were required and the strengthening prospect of an early resumption of guerilla fighting in the north would at last force the White Rhodesians to a constitutional conference. Most important of all was the dramatic public evidence of the South African Government's displeasure — the withdrawal of South African forces from the front line.

All that can be said for sure, as we await President Machel's speech—and watch to see how the implementation of whatever he promises proceeds—is that it remains to be seen whether he will feel able to risk the economic interests of his new state by so bold a gesture. If he does so, then an international Fund is to be launched, via the Commonwealth and through the United Nations, to try to compensate and support the Mozambique economy.

Major question

But the big question is the future not of Rhodesia but of the Republic of South Africa. A few years ago it would have been hard to believe that the South African electorate could adjust so quietly to the prospect of a radical Black government a few hours' drive from home. In this, Mr. Vorster has understood the essential and all-important pragmatism of the apartheid system and has encouraged his Whites to adjust their attitudes—to come down from their ox-wagons and into the modern age. A peaceful and moderate Mozambique independence would help this process immensely. But whether the South Africans can continue this adjustment fast enough and far enough will continue to be the question.

Letters to the Editor

Standstill till November

From Mr. T. Brooke.

Sir,—As the Government is obviously searching for an acceptable solution to the problem of excessive wage settlements may one suggest that there is a fairly simple one available by the application of two existing principles.

First, dividends paid to shareholders are, of course, limited to a maximum 12½ per cent. increase over those of the preceeding year. The same percentage should be applied to all salary and wage increases. Inflation is no respecter of persons—it hits all classes. Income increases on account of inflation should clearly be applied in a similar way, the only exception being that of retirement pensions which are so low in value that a percentage increase is clearly unsuitable. But wage increases linked to increased production could also be justified.

Second, it was recently announced that retirement pensions, unemployment and sickness benefits, etc., are to be increased in November next—six months after the date of the announcement. No back-dating for them!

These two principles could be combined, and immediately applied to all wage and salary increases. A maximum increase of 12½ per cent. operative from next November. In the meantime, a standstill or moratorium.

In this way the problem could be dealt with without any great hardship and the principle established once and for all of equality of treatment for all classes, which is a good basic Socialist principle to which no Labour supporter could logically object. Not even the TUC.

For a start, the Government could apply this basis to the problem of MPs pay increases, thereby setting an example which could be extended throughout the country.

Such measures would, of course, not solve the problem of national inflation—only pay increases linked to production, not to the cost of living, could do that—but it would be a substantial step in the right direction.

T. H. Brooke.
Oak Cottage,
92, Windsor Road,
Bray, Berks.

Electoral reform

From Mr. A. Wigram

Sir,—David Watt's extremely perspicacious article (June 20) "Behind Those Calls For Electoral Reform," raises a number of most interesting points.

Mr. Watt questions the importance of "fairness" in any political system. Perhaps this word is unattractively plaintive and overused but this must not conceal the fact that no democratic system can work and claim to be democratic unless it produces a Parliament which is reasonably representative of the way in which people vote. Any other interpretation is surely whimsical.

There are four obvious ways in which our present system is clearly unrepresentative; it virtually excludes large minority groups; it allows a Government to win a majority of the seats with a distinct minority of the votes cast (the present Labour Government has 39.3 per cent. of the total national vote and no party since the war has won 50 per cent.); a party can win more votes but less seats than its opponents (that is Conservatives February '74, Labour '51) and lastly it allows the electors of large areas of the country to be completely deprived of representation by the party of their choice.

It is all too easy to sweep away these complaints and claim that "the average elector is not seriously worried" but the immense decline in the prestige and authority of Parliament in this century is surely partly attributable to its unrepresentative nature. The simple fact is that a majority of the people have not voted for and do not support the Government of the day. This must deprive that Government of the power and the courage to stand up to external pressures and to face domestic challenges.

Continuity of policy, or effective good government, is the other real reason for reform. Extremists always seek to ridicule the centre and pour scorn on compromise. In the end compromise is inevitable. Grave damage is done during the "running in period" as each new administration fulfils pledges to repeal legislation which it is forced to make to its own extremists while in Opposition. No sophisticated modern state can change its housing policy every four years, its social service policy every four years, its educational policy every four years and have a hope of evolving progress in these departments economically and sensibly.

No other comparable Parliamentary democracy suffers from these disadvantages, no other such country is as unsuccessful as we are, no other country would put up with an electoral system like ours.

The truth must surely be that the complexity of industry and government, in a modern state, demands a subtle and sensitive electoral system which alone can give expression to the needs of the majority of the people.

Anthony Wigram.
Conservative Action for Electoral Reform.
6, Queen Street, Mayfair, W.1.

Tourists in London

From Councillor A. Sherman.

Sir,—Mr. Bosman (June 19th) assumes that what is good for the EMI hotel chain is good for Britain in general and London in particular. But his eagerness blinds him to facts. The expansion of tourism has done us harm, not good. According to Treasury statistics, the gross foreign-currency income from tourism — even including the unjustified inclusion of all fares paid abroad to British carriers —has remained a constant proportion of all foreign currency earnings at under 5 per cent. from 1969 to the present day. This is a gross figure. It omits their relevant share of expenditure abroad by British carriers, wages repatriated by foreign hotel staff (amounting to tens of millions a year), fuel, food and drink and other imports entailed.

But this is not all. In addition to the tens of millions of pounds spent on direct subsidies to hotel development, there are heavy social costs entailed in the import of foreign workers for cheap seasonal hotel work. They include schooling, housing, social services. Then there is the congestion cost and the housing loss generated by the hotels and their staff, equal to some tens of thousands of family dwellings in central London alone.

When you take this into account, it transpires that the British taxpayer is subsidising the hotel industry and foreign tourists, as well as undergoing substantial discomfort, since London is a capital and work-a-day city with neither the land, transport facilities or labour available for tourism, which is everywhere a low-wage labour-intensive seasonal activity. The fact that some tourists also attend our subsidised theatre hardly offsets these disadvantages.

Nor does mass tourism produce any of the political benefits — friendship between peoples, observance of our democracy, etc. — claimed for it by vested interests and the political placement who spend about £10m. of taxpayers' money each year on trying to expand the flood which is already drowning us. Tourists rarely meet an Englishman except for their time-rate guide. They learn no more about England than he does about Spain and Yugoslavia.

If we are to suffer injury financially and in our elementary comforts from the crass search by the last Wilson Government for the fool's gold of tourism — supported with corresponding thoughtlessness by my own party, I hasten to add—let us at least be spared the insult to our intelligence by the special pleading of vested interests like Mr. Bosman.

(Clr.) Alfred Sherman.
Town Hall,
Kensington, W.8.

Living with the unions

From Mr. J. Wooller.

Sir,—I get immensely irritated when allegedly non-political organisations, such as the Bank of England, come out with recommendations of a statutory incomes policy, which is after all unashamedly High Tory philosophy.

There are too many in high places desirous of having a confrontation between government and unions. The ghost of Heath still haunts the corridors of power: the memories and hardships of the three day week are quickly forgotten. We really must learn to live with the unions not in spite of them. A statutory incomes policy can only work if union leaders want it to and quite clearly they don't want it to at the present time.

Why should miners, for example, settle for a flat rate increase knowing that they are underpaid relative to most of those advocating a statutory incomes policy? The working man is not convinced that a falling pound is necessarily evil. Until it actually affects him personally he is unlikely to get hot under the collar about it.

What he is worried about is that he is not losing out relative to those around him. Why should he believe those prophets of gloom, the economists, who have been wrong so often in the past? If they cannot even agree amongst themselves how can they expect others to listen to their plaintive cries?

May I suggest that Auntie devotes her energies to banking and leaves political exhortations to those elected to make them. There are, after all, other things in life than a strong currency!

Jeff Wooller.
311, Collins Place,
Fann Street, E.C.2.

Airline market shares

From Mr. E. Cowan.

Sir,—It is laudable for British Caledonian to campaign so eloquently but, unfortunately, the carrier's argument of having "increased U.K. market share" cannot be assessed.

The North Atlantic experiment must be recognised as a failure and there are no grounds—or statistics—for other than subjective assessments as to whether B.Cal. added more to the U.K. balance of advantage than it cost.

West African route agreements are such that it makes no difference to "U.K. market shares" which carrier flies the direct routes—the only measure of success would be a reduced "leakage" on indirect routes, about which nothing is known.

On South American routes, a high proportion of even U.K.-origin traffic has always flown "indirect" and, there being no evidence that B.Cal. has managed to alter the pattern, market shares cannot be assessed.

The discussion highlights again the extraordinary lack of information on world air travel patterns and the apparent willingness to allocate vast resources on the flimsiest of evidence—with the consequent financial disasters we have seen even in boom periods.

E. G. Cowan.
29, Frognal,
Hampstead, N.W.3.

Wild cats in Mongolia

From Miss Janet Barber.

Sir,—"Observer" writes (May 27) that Anning Chadwick and Kiver Produce sent a representative to Mongolia to buy "rare arctic leopard" skins (among other items) as part of a trade delegation.

The leopard referred to can be none other than the extremely rare snow leopard (*Panthera uncia*). The numbers of this beautiful cat are now extremely low, particularly in Mongolia and this is one of the reasons why the Department of Trade and Industry banned its import into the U.K. as long ago as the spring of 1972. There are many instances of endangered species and their produce still being allowed into this country, but the snow leopard is one species whose survival we hope will be aided by action by the Government.

Anning Chadwick and Kiver Produce would do well to check current legislation in Britain and Mongolia before attempting to gather skins of this threatened wild cat.

Janet Barber.
Publicity Department,
The World Wildlife Fund,
29, Greville Street, E.C.1.

British Gas productivity

Mrom Mr. T. Sutton.

Sir,—I should like to take issue with the deputy chairman of British Gas Corporation. In his letter of June 13, he correctly observed that Nederlandse Gasunie and Ruhrgas are bulk distribution gas companies, selling to industry and the gas companies of other countries, and should be distinguished from BGC which supplies gas to and services domestic as well as industrial consumers. He then pointed to productivity improvement at British Gas but failed to note that this was largely a result of the same factors which are responsible for the high output per capita figures recorded by the two Continental companies.

With conversion to natural gas almost completed, BGC is now a gas *distribution* company like most European gas companies. Ten years ago, in contrast, it was a gas *manufacturing* company. This change in technology has itself contributed to much of the improvement Mr. Rooke records. For example, in the ten years to 1973-74 the number of production staff fell by 30,000, or 10,000 more than the overall fall in the Corporation's manpower in that period.

The sales growth figures, to which Mr. Rooke refers, have benefited disproportionately from the increase in industrial or *bulk* sales. According to the 1973-74 annual report, of the increase in sales of 8.3m. therms in the 10 years to 1973-74, the industrial market accounted for 53 per cent. and, as a result, its share of total gas sales rose from 29 per cent. in 1964-65 to 46 per cent. in 1973-74. Clearly, any productivity measure based on the increase in output per man at BGC in the last decade is as questionable a statistic as the high output per capita figures Nederlandse Gasunie and Ruhrgas can boast.

More pertinent to a discussion of the productivity record of BGC, I would suggest, is an examination of the performance of the Corporation's customer service and customer accounting functions. Such information is difficult to glean from BGC publications but one interesting statistic is available. In 1964-65 one member of its customer accounting staff handled on average 1.25 customers but in 1973-74 he or she handled only 1.11 customers. Although the cost of this fall in customer/staff ratio may have been mitigated financially (for example, by a fall in the debtors/sales ratio), it still represents a decline in the productivity of this department.

T. Sutton.
42, Westpoint, Shortlands Grove,
Bromley, Kent.

Incentives to save energy

From Mr. N. Jenkins.

Sir,—Sir Marcus Sieff (June 18) exemplifies the savings energy-conscious managements can make—between 15 and 24 per cent. This requires more effort and management energy, to say nothing of expenditure, than most industrial/commercial concerns are prepared for—surely the point of John Trafford's article "Lethargy in Energy Savings"? (June 16).

If all managements were as conscious as Sir Marcus, of national need, then the country's energy bill could be significantly influenced in short order. The present drop in consumption is undoubtedly due to price alone and is insufficient. Government incentives called for by Sir Marcus should not only include the measures he specifies but the additional and much more effective method of in-house combined heat and power generation—total energy.

To do that the Government should take the lead in instituting a national plan for combined heat and power generation and distribution for every city and urban area of the country. At present two units of heat are thrown away for every one of electricity generated and put to good use. There are perfectly valid examples of combined generation that can be followed: existing units can be converted—without loss of electrical output, producing at least twice as much useful energy for the same fuel consumption.

Official figures show that the electrical industry wastes nearly a quarter of all fuels used. No steps have yet been announced that will materially affect this situation and so long as it continues there is no encouragement for industry and commerce to do anything but follow official examples.

Those who should know endorse the view that established techniques of heat distribution are all that we have time left to instal, there is no time for experiment, no time for further research.

Norman Jenkins.
Whitehill, Eweshot,
Farnham, Surrey.

To-day's Events

GENERAL

CBI and TUC leaders resume talks on ways of curbing inflation, London.

Mr. James Callaghan, Foreign Secretary, attends meeting of EEC Foreign Ministers, Luxembourg.

EEC Agriculture Ministers continue their meeting, Luxembourg.

Lord Elton speaks on "Quality of Life," St. Lawrence Jewry next Guildhall, Gresham Street, London, 1.15 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Royal Air Force; motions on social security benefits up-rating order and supplementary benefit regulations.

House of Lords: Scottish Development Agency (No. 2) Bill and Welsh Development Agency (No. 2) Bill third readings; Social Security Pensions Bill, and Local Land Charges Bill, second readings; Inheritance (Provision for Family and Dependants) Bill, third reading.

COMPANY RESULTS

Allen (Edgar) (full year).
British Cotton and Wool Dyers' Association (full year).
Dawson International (full year).
Imperial Continental Gas Association (full year).
Allied Breweries (half year).

COMPANY MEETINGS

British Shoe Corporation, 22, Park Street, W, 11.10.
Bunzl Pulp and Paper, Abercorn Rooms, EC, 11.30.
House of Fraser, Glasgow, 12.
Lake View Investment Trust, Winchester House, EC, 11.30.
Milford Docks, Abercorn Rooms, EC, 12.
Runciman (Walter), 52, Leadenhall Street, EC, 12.
Sears Holdings, Selfridge Hotel, W, 12.

COMPANY NEWS + COMMENT

Second half slowdown at Whitecroft

ON TURNOVER up from £31.7m. to £38m. pre-tax profit of Whitecroft, the Manchester-based group with interests in textile finishing, engineering building and timber, improved from £3.15m. to a record £3.28m. for the year to March 31, 1975.

At half way, when taxable profit was up from £1.25m. to £1.74m., chairman Mr. E. G. Goold said the uncertainty in the economic climate made forecasting difficult but nevertheless the Board considered that the group profit for the year would show an increase over the previous year. He also said that while there were signs in the textile, building and building supplies divisions, of a downturn in demand, it was impossible to assess whether the effect would be material.

Earnings are shown to have increased from 18.91p to 19.23p per 50p share and a final dividend of 3.218p net raises the total from 4.49p to a maximum permitted 4.877p, absorbing £461,000. Net tangible assets are 164p per share.

	1974-75 £000	1973-74 £000
Turnover	38,005	31,719
Profit before tax	3,277	3,148
Tax	1,714	1,555
Profit after tax	1,563	1,593
Minority profit	23	82
Extra-ordinary credits	5	*1,108
Attributable	1,540	2,619
Dividends	461	316
To reserves	1,079	2,303

* Includes profit (net of taxation) on the sale of Blackfriars House amounting to £1,001,000.

● comment

Whitecroft's growth trend came to an abrupt halt in the second half of 1974-75 when profits dipped by 19 per cent. pre-tax after a 39 per cent. rise at the interim stage. This was largely due to the absence of stock profits on the timber operation, which has reduced the building supplies' contribution to profits by 38 per cent. Elsewhere, leather showed an improvement in full-year profits but textiles was unchanged after a final-quarter turn down eroded the growth achieved in the first six months. The group's liquidity position also declined during the year, net cash balances of around £1.2m. being wiped out. In the current year so far the group has seen little sign of improvement in either textiles or timber and, although further growth is expected from the other divisions, the maximum hope is probably unchanged profits. The shares however, may be able to derive some support from a yield of 10¼ per cent. at 73p covered almost four times.

INDEX TO COMPANY HIGHLIGHTS

Ball & Collins

Ball and Collins (Oil and Gas), the British independent exploration company, has called an extra-ordinary meeting for July 14 for approval of new Articles, the main effect of which will be to make Ball and Collins a public company.

Mr. Roland Shaw, chairman, says there has recently been considerable trading activity in the shares which has increased the spread of beneficial ownership. As long as the company remains private with restricted transfer rights there is a possibility that some shareholders would be denied direct access to the share register.

The new Articles provide that the right of transfer and the number of members of the company will no longer be restricted.

Philip Hill to maintain dividend

SIR KENNETH KEITH, chairman of Philip Hill Investment Trust says he is reasonably confident that the increased dividend rate proposed for 1974-75 can at least be maintained in the current year.

In 1975-76 the company has deemed it wise to retain cash balances at similar levels to those at the year-end. This is in the belief that the current flow of major company financing will continue, states Sir Kenneth.

As reported with net asset values on June 5 revenue, before tax, for the year ended March 31, 1975, increased from £3.12m. to £3.7m.; and the dividend is raised from 4.4p to 5p net.

An investment classification shown that 77.67 per cent. of the portfolio was invested in the U.K. including short-term gilt-edged investments, at March 31 (68.78 per cent.). The higher perecentage is due primarily to the part repayment of foreign currency.

During the year foreign currency loans were reduced from $US27¼m. to $US15m. and, at the same time the shortfall on the remaining loans was made good, partially by the purchase of investment dollars but also by the transfer of stocks from the premium portfolio. Since that time, the value of the dollar loan portfolios has shown a surplus over the loans.

Current policy is to maintain existing borrowings at the reduced level, says the chairman.

Meeting, 19, St. James's Square, S.W., July 17, at 3.15 p.m.

Warnford sees further income growth

In his annual statement, Mr. S. Sebba, chairman of Warnford Investments forecasts a further satisfactory improvement in income for the current year.

He says that the ending of the rent freeze should result in some increase in rental income, but this will to some extent be counter-balanced by higher expenditure on repairs and maintenance. Also as it is taking longer to let premises there may be some loss of income due to voids.

"Nevertheless, the net result should show a further satisfactory improvement in the year's figures," states Mr. Sebba.

Although there has been a drop in rental levels particularly in Central London he feels it should be possible to obtain improved rentals on reversions of group properties over the next few years.

However, until there is a restoration of economic confidence, demand for office and shop premises is not likely to increase.

As reported June 10 net revenue attributable improved from £542,901 to £603,008 in 1974; and the dividend is raised from 3.6322p to 3.96p net.

Regarding the value of the group's properties and its investments in associates the chairman says that having regard to various factors the directors feel that there has been no significant change in the figure of £28m. given a year ago.

Meeting, 20 Aldermanbury, E.C., July 29 at 3 p.m.

Confidence at G. A. Robinson

THE directors of G. A. Robinson Group will take every opportunity to further the progress of the company, according to the chief executive, Mr. Tom Farmer, who says he is confident that the group, in its new form, can look forward to a bright and profitable future.

He says in his annual statement that Kwik-Fit, together with Hi-Way, now operates 22 fitting stations and he is confident that their profit of £141,580 will be handsomely exceeded during 1975. Compared with last year, turnover for the first quarter of this year has increased by more than 100 per cent. and there "is every sign that the car replacement parts' market will continue to be buoyant."

Dorsman, the Dutch subsidiary, gives the company the benefit of overseas earnings and has proved to be a very important part of the group. It was the largest profit maker with earnings of £203,108.

In the "Do-It-Yourself" Division, the prevailing trading conditions in 1974 resulted in it being unprofitable as it consisted of several small retail units. This division has ceased to trade and the stores have been disposed of.

All terminal losses have been included in the accounts.

The directors have decided to close down the property division and all the remaining properties have been written down to what is considered to be a realistic value.

Mr. Farmer states that the financial effect of all changes has been to improve substantially the liquidity of the group. On February 28, 1974, short-term bank borowings stood at £865,000 and by June 1, 1975, bank borrowings were reduced to approximately £226,500. Furthermore, on completion of various transactions, the group's bank overdrafts will have been eliminated.

It is proposed to seek a reduction of the company's share premium account so that the goodwill now being written off can be effectively written off against the share premium account, and thus "tidy up" the balance-sheet, he adds.

Meeting, Great Eastern Hotel, E.C., on July 10 at 11 a.m.

£3.7m. drop at May & Hassell

SECOND HALF profits of timber importers, May & Hassell fell sharply from £2.19m. to £529,950, leaving the total down by some £3.7m. at £1.76m. for the year ended March 31, 1975.

When reporting the halfway figures the directors said that the results had been achieved despite a write down of stock values to a realistic base level from which they considered that the group could trade profitably in the second six months.

Earnings per 25p share are stated at 16.8p (38.8p). The dividend is raised from an adjusted 2.106p to 2.288p net, with a final of 1.588p.

Turnover amounted to £32.74m., against £33.29m. for the year. The net profit was £1.21m. (£2.62m.), after tax of £554,589 (£2.81m.).

● comment

After more than £2m. of timber write-offs, pre-tax profits from May and Hassell emerge two-thirds lower, including the first full year contribution from Allan. Shipping chipped in some good figures incorporating two ship sales at advantageous rates, leaving four which are still operating at a profit. M and H's timber business is mainly in softwoods aimed at packing case builders and large company usage such as ICI and GEC, so the building cycle has a limited impact; but its reflection in timber prices is still acting against the group. In fact, M and H believes there is still more downward pressure on timber prices to come before the bottom is reached, and has trimmed its stocks accordingly; but maintaining profits this year will depend upon a reversal in the downtrend of timber prices. The results were much as the market expected, but the shares moved down on a soft day for equity prices, to 61p where the yield is still only 5.9 per cent.—low for the sector.

SHARE STAKES

Yorkshire and Lancashire Investment Trust — Bloomsbury Investments now holds 595,500 Ordinary shares representing 14.9 per cent. of the capital.

Brown and Tawse—C. Walker and Sons has acquired a further 20,000 Ordinary shares making a total 961,000 shares representing 10.63 per cent. of the capital.

Dixor—Matthews Holdings has bought 300 Ordinary shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Beechwood Construction	1.1	Aug. 1	1.1	1.52	1.52
Bell and Sime	2.68	July 24	2.39	3.55	3.27
Brown and Tawse	1.52	Aug. 7	1.39	2.02	1.85
Carliol Invst. Tst. ......int.	0.7	Sept. 1	0.7	—	2.5
Castlefield (Klang) R. int.	0.382	Aug. 15	0.35	—	1.93
Country Gentlemen's Ass.	12.06	—	11.05	12.06	11.05
Godfrey Davis	2.02	—	2.02	2.72	2.72
Giltspur	1.4	Aug. 22	1.33	2.2	2.03
Gt. Northern Trust ...int.	1.02	Sept. 8	0.96	—	3.06
H. J. Heinz ....1st int.	3.08	July 29	2.85	—	11.9
Leopold Joseph	4.84	—	4.15	6.42	5.55
Killinghall (Rubber) int.	1.15	July 31	1.05	—	5.45
Lankro Chemicals	2.23	Aug. 12	2.24	3.53	3.24
May and Hassell	1.59	Aug. 1	1.45*	2.29	2.11*
Herbert Morris ....int.	1.5	Aug. 26	Nil	—	Nil
Tyneside Invst. Tst. int.	0.7	Sept. 30	0.7	—	2.5
Whitecroft	3.22	Aug. 5	2.95	4.88	4.49

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

H. Morris forecasts peak £0.76m.

MANUFACTURERS of cranes, Herbert Morris reports a £381,000 pre-tax profit for the 24 weeks ended April 20, 1975, compared with a £76,000 loss in the corresponding period.

The directors say that subject to unforeseen circumstances it is expected that results for the second half will be comparable to those of the first.

The interim dividend is 1.5p net. No dividends were paid in the last full year when profits totalled £315,721. If present dividend restraint still applies the maximum permitted dividend for this year would be 2.6p, the directors add.

	24 weeks 1974-75 £000	1973-74 £000
Turnover	8,308	5,486
Share assoc. profit	20	*1
Pre-tax profit	381	*76
Tax	233	‡48
Net profit	148	*28
Minority loss	14	†17
Attributable profit	167	*51

* Loss. † Profit. ‡ Credit.

They explain that the recovery in the group's performance which was evident in the second half of last year has been maintained during first six months of this year. In most areas the group has continued to increase the size of its order book and also to benefit from organisational and management changes within the group.

A substantial improvement has been achieved in the cash position and a decision has been taken to expand and modernise heavy crane manufacturing capacity at Loughborough.

● comment

Herbert Morris has continued its 1973-74 second half recovery into the first six months of the current year with a £457,000 turnround from losses, and it is encouraging that much of that improvement has come from new business. In the second half of 1973-74 the group was working off a large backlog of orders resulting from the power crisis in the first six months. This has now been concluded, but the volume of orders is being maintained at a fairly high level. It seems reasonable to assume therefore that profits for the second half will at least equal those of the first six months. This would enable a maximum dividend, yielding 9.8 per cent. at 43p, to be covered about 3.8 times.

New endowment assurance

The Ecclesiastical Insurance Office has launched a new conventional with-profits endowment assurance designed to enable investors to tailor their savings outlay to inflation. Called the Growth Endowment Assurance, it is basically a with-profits endowment assurance with options to increase the sum assured every two years without evidence of health.

By this means the investor can increase his outlay in line with improved earnings so that the annual amount remains roughly constant as a proportion of these earnings. The eventual amount payable at maturity will thus bear a close relation with the sum assured under the original policy. No option may be exercised within 10 years of the maturity of the policy, otherwise it will cease to qualify for tax relief. Each increase is limited to one-quarter of the original sum assured.

The Ecclesiastical is one of the few life companies in the U.K. that does not pay commission. It is among the leaders of conventional with-profit business.

News Intl. first half optimism

BETTER RESULTS are expected by News International in the first six months of this year, Mr. Rupert Murdoch, the chairman told the annual meeting.

He said last year's sharp decline in net profit had resulted from delay in raising the price of the Sun and from heavier than expected losses on the company's new venture in the U.S., the National Star, which was now making a "modest profit."

Prospects for the second half of the year were difficult to assess but great efforts were being made to restore the company's level of real profits. "The tragedy of the British newspaper industry was that it lacked the cohesion to put its house in order.

"For a short time in 1974 reform was possible, but immediately a test came the industry's biggest company walked out of the Newspapers Publishers' Association and turned us all back to the law of the jungle."

Meanwhile "as the race to increase cover prices continues the industry is clearly running into the law of diminishing return. It cannot be ignored that since early last year the total daily newspaper sale in Great Britain has fallen by nearly a million and Sundays newspapers by one and a half million."

£141,647 fall at Bell & Sime

PROFITS OF Dundee-based timber importers and sawmillers, Bell & Sime fell by £141,647 to £104,843 in the year ended May 3, 1975, following a first half reduction of £109,632 to £51,995.

The dividend is being raised from 3.2692p to 3.558p net, with a final of 2.678p.

	1974-75 £	1973-74 £
Group turnover	3,221,000	3,675,098
Trading profit	351,978	348 341
Depreciation	37,547	35,217
Interest	119,588	76,634
Profit before tax	104,843	246,498
Taxation	58,603	131,602
Net profit	46,240	114 888
Dividends	15,961	14,827
To revenue reserve	30,278	100,061

Giltspur downturn to £2.06m.

FROM A turnover 31 per cent. ahead at £46.14m., profits of Giltspur fell by £203,822 to £2.06m. in the year ended March 31, 1975. In the first six months an increase from £1.21m. to £1.31m. was reported.

Chairman Mr. Maxwell Joseph says that all divisions showed higher profits, with the exception of the engineering side where there was a small loss on higher turnover.

Earnings per 10p share are stated at 5.6p (5.8p). The dividend is raised from 2.03p to 2.2p, with a net final of 1.4p.

	1974-75 £	1973-74 £
Group turnover	46,137,000	35,216,000
Freight	15,260,000	12,185,000
Engineering	4,892,000	3,492,000
Expo inds	8,253,000	4,032,000
Motor	17,732,000	15,537,000
Trading profit	2,801,964	2,669,574
Freight	3,290,000	930,000
Engineering loss	74,000	*415,000
Expo. Inds.	630,000	522 000
Motor	825,000	731,000
Service and property	140,000	22,000
Share of associates	129,836	201,786
Dividends former assoc.	—	416,349
Interest	374,145	1,027,242
Profit before tax	2,056 595	2,260,417
Taxation	1,048,990	1,221,443
Net profit	1,007,605	1,038,974
Minority, losses	12,338	*2,954
Attributable	1,019 943	1,036,020
Extra-ordinary debits	168,251	†734,032
Dividends	403,177	365,870
Retained	449,515	1,404,292

* Profit. † Credit.

Mr. Joseph says that much has been achieved this year in the continuing programme to establish Giltspur as a significant and successful international company. The problems within the U.K. economy, the recession in the U.S. and the general slowdown in world trade, have, however, combined to hold down the growth in profitability which was expected to flow from the continued broadening of the trading base.

Although interest rates were running at substantially higher levels during 1974-75 the effect was offset to some extent by the inflow of funds in March, 1974, from the disposal of the group's holding in J. Coral, he explains.

Looking at the engineering division the chairman explains that problems have been caused by a combination of factors—the state of the economy, both at home and overseas, and the cut-back in demand, the disruption costs resulting from integration of the manufacturing facilities and contract losses.

As envisaged last year, the programme for the overseas development of Giltspur Expo Industries has been maintained by further acquisitions in the U.S. and the purchase of an important business in Germany. It is anticipated that increased profitability will now emerge from the very necessary consolidation which is being implemented following a rapid build-up period.

In the motor trade the competitive market position and the pressure of inflation on overheads have eroded margins. In view of current trends in the general economy the chairman feels it would be unwise to expect any improvement in trading conditions within this division in the immediate short-term.

Members are told that the group's fundamental structure is now established, and financial resources available are more than adequate to support the expanding level of trade which is envisaged over the coming years.

There will continue to be emphasis on expansion of overseas in order to lessen the reliance upon the U.K. economy. A major shift in earnings pattern will, however, take some time to achieve. On a short-term basis, immediate prospects will be influenced principally by inflation and associated monetary problems in Britain; "but even so, substantial opportunities do exist for improving the profitability of many of the group's businesses."

● comment

Having been ahead at the half-way mark, the pre-tax profits of Giltspur are somewhat disappointing—down by nearly a tenth. Apart from the loss of dividends following the disposal of J. Coral (offset by the fall in interest payments), the real problem is the £319,000 second-half loss in the engineering group. Apparently this was an unforeseen write-down of work-in-progress and there is an argument for treating the loss as an exceptional item. But the trouble with Giltspur is that any one of its four divisions is liable to take a knock during a U.K. recession; and overseas profits are not yet flowing from the foreign expansion on the Expo side. Down 4p yesterday to 32p, the shares yield a more than twice-covered 11 per cent. This level of yield provides a floor to the share price, since it inevitably makes the stock attractive to income-orientated unit trusts.

T. Warrington prospects

If Thomas Warrington and Sons is able to maintain the workload in contracting, together with the improvement in house sales, the chairman, Mr. Brian Warrington, expects profits to improve in the current year.

He tells members in his annual statement that despite the discouraging conditions within the country and the problems the building industry is experiencing, the company is in a good position to come through this difficult time successfully.

He reports that the company is planning very carefully for the future and efficiency is being improved. Particular attention is being paid to cash flow and liquidity, and bank borrowing now is lower than £588,688.

Mr. Warrington considers the results during 1974 from contracting to be "reasonable." This division has obtained more contracts than hoped for in the early part of 1975 "and this side of the company is very busy."

In private housing, the company has a good land bank bought at sensible prices, "and this will be an advantage in the future."

In the property division, there is a considerable amount of land for industrial use, which will be developed when the time is favourable, he adds.

As known, pre-tax profit dropped from £281,953 to £204,551 during 1974. Dividends are being held at 2.8813p net.

Meeting, Chester, July 16 at 11 a.m.

Chairman's statement Page 26

Winding-up orders

Orders for the compulsory winding up of 28 companies were made by Mr. Justice Templeman in the High Court yesterday. They were:

Sudimex, Norwich Provident (Holdings) Company, Mercia Fork Truck Services, Larkfold Holdings, Phoenash, Mellitovale, Concover Furnishings.

Jual Developments, Atkinson Sports, Michael Martin Builders (Northampton), Astracorn Trading Company, Junegrange, Link Home Movies (Export), Cox Industrial Contractors.

J. and T. Middle East Freight Lines, Aquation, Jack Chesters (Bookmakers), R. L. Taylor Construction, Velmead Transport, Park Interiors, Tenashouse Builders.

Tandy Bros., Seven Sun Records, Bill Puxley, Murphearn, Jumpin Jack, S. M. Meaden, and Lamspex Prescription Services.

ISSUE NEWS

UNITED BISCUITS

United Biscuits (Holdings) announces that over 94 per cent. of the 19,269,229 Ordinary shares offered by way of rights to Ordinary shareholders on the basis of one-for-four have been taken up. Shares not taken up have been sold for benefit of shareholders to whom the shares were provisionally allotted.

PRUDENTIAL—92%

Prudential Assurance says that acceptances have been received in respect of over 92 per cent. of the 45,451,737 new Shares offered to the shareholders at 105p per share by way of rights on the basis of one for five. The new shares not taken up have been sold at a premium over the issue price (equivalent to approximately 7½p per share) which will be distributed to shareholders entitled thereto except that no payment will be made for any amount less than £1.

KWAHU RIGHTS

The Kwahu Company intends to raise about £¼m. by a rights issue of one for two shares at 20p per share. Proceeds are to be used for the expansion of the investment portfolio. Kwahu forecasts that in the year to June 30, 1975, profits will reach not less than £110,000 compared with £96,753 and a net dividend of 1.5p (1.34p) per share will be paid.

RESULTS AND ACCOUNTS IN BRIEF

BRISTOL PLANT (subsidiary of Carlton Industries).—Final dividend 0.3p net for year ended March 31, 1975, making 0.74776p (0.90075p). Turnover £3.63m. (£2.84m.). Profit before tax £194,338 (£361,831), tax £18,541 (£1,070 credit), leaving profit after tax £175,797 (£362,901). Share of associates £40,390 loss (£74,344). Extraordinary credits £8,051 (£7,950 debit), attributable £143,458 (£329,295), dividends £59,368 (£80,837), retained £83,120 (£248,438). Trading conditions in second half worsened considerably with plant hire activities producing £96,923 profit compared with a profit in the first half of the year of £127,418. Little improvement is expected until the present economic uncertainties are resolved.

CHARTER CONSOLIDATED — Results, for year to March 31, 1975, already known. Group fixed assets £36.67m. (£30.06m.), Net current assets £9.27m. (£24.53m.). Meeting, Winchester House, E.C., July 15 at noon.

CIRO HOLDINGS (retail and wholesale jewellers)—Results for 1974 reported June 6. Group fixed assets £0.67m. (£0.58m.), net current assets £0.75m. (£0.73m.). At May 31, 1975, Howard and Wyndham held 22.00 per cent. of the Ordinary. Sales analysis shows 71 per cent. Western Europe, the U.S. 27.9 per cent. and other overseas territories 1.1 per cent. Meeting, 77, London Wall, E.C., on July 14 at 10 a.m.

COUNTRY GENTLEMEN'S ASSOCIATION—Dividend 12.06p (11.05p). Turnover £2.05m. (£1.69m.) for year to March 31, 1975. Profit £19,454 (£49,558) after tax of £24,846 (£43,210). Earnings per share 24p (82p). Chairman says that they are confident in being able to progress and resume the improvement in results which have been achieved over the last few years.

ELLENROAD RING MILL—Results for year to April 5, 1975 already known. Group fixed assets £755,090 (£809,464). Net current assets £586,722 (£512,090). Meeting, Oldham on July 16 at 3 p.m.

ENGLISH NATIONAL INVESTMENT COMPANY—Results, for year to March 31, 1975, already known. Investments [illegible]

EQUITY CONSORT INVESTMENT TRUST [illegible]

FEEDEX [illegible]

GARDINER, SONS AND CO. (subsidiary of Carlton Industries).—Turnover for year to March 31, 1975 £9.82m. (£7.79m.). Interest £293,501 (£272,902), profit of the group before tax £107,383 (£30,523), tax relief £46,058 (£101,916), leaving profit after tax £153,439 (£141,439). Minorities £7,784 (£9,784), attributable £145,655 (£131,673), extraordinary credits £5,978 (£3,714 debit), retained £151,633 (£127,951).

HAWLEY-GOODALL GROUP (which makes and retails sports, leisure and camping equipment)—Results for 1974 reported June 9. Breakdown by activity of turnover of £1.11m. and pre-tax loss of £98,742 shows camping £602,000 and £30,734 loss, sports £458,000 and £44,068 loss, engineering £52,000 and £23,930 loss. Exports £5,773 (£37,320). Net current assets £265,937 (£398,780) — overdraft £322,331 (£70,422). Meeting, Walsall on July 14 at 3.30 p.m.

MAURICE JAMES HOLDINGS (road haulage, paper sack manufacture and waste disposal)—Results 1974 reported May 21. Group fixed assets £1,210,687 (£1,080,330). Current assets £984,501 (£771,000), and liabilities £431,694 (£819,465). If the general U.K. situation improves and potential acquisitions finalised, the current year could see a further increase in current year profits. Meeting Coventry, July 9, at 3 p.m.

JERSEY GENERAL INVESTMENT TRUST—Results, for year to April 30, 1975, reported May 16. Investments at or below cost at year-end £8.73m. (£8.55m.). Valuation of investments £14.8m. (£11.88m.). Net asset value per share (ex dividend) 361½p (312½p). Meeting, Jersey, July 10 at 11.30 a.m.

NORMAND ELECTRICAL HOLDINGS—Results, year ended March 1, 1975, reported May 31. Group fixed assets £1,709,328 (£1,380,859). Net current assets £1,401,789 (£1,056,769). Meeting, Kensington Palace Hotel, W., July 4, at 11.45 a.m.

THE PROVINCIAL LAUNDRIES—Results for 1974 reported April 28. Group fixed assets £292,505 (£289,888), net current assets £79,164 (£10,195). Chairman says [illegible]

SWAN RYAN INTERNATIONAL [illegible]

JOHN SWAN AND SONS [illegible]

[illegible]

Group fixed assets £2.3m. (£2.2m.). Net current assets £576,000 (£365,000). Profits for current year will depend substantially on extent to which brick deliveries increase. Meeting, Exeter, July 4 at 2.45 p.m.

WESTPOOL INVESTMENT TRUST—Results for year ended April 30, 1975, reported on June 3. Investments in U.K. £5.66m. (£4.43m.), outside U.K. £3.36m. (£3.47m.). Unlisted investments £779,838 [illegible]

GOLD AND BASE METAL [illegible]

Dunlop Holdings Limited

The spread and variety of business, a real source of strength.

At the 76th Annual General Meeting held in London on June 23rd, the Chairman, Sir Reay Geddes KBE said:

It is with deep regret that I have to tell you of the death of one of our Directors earlier this month. Mr. Horace Ward, our Finance Director, died on 11th June. Mr. Ward joined Dunlop in 1947 and held a series of positions in the Finance Division: Taxation Manager, Treasurer, Group Comptroller and Director of Finance prior to his joining the Board in 1972. With his high professional skill, he brought an active and incisive mind to bear on all financial issues; but, more than that, his opinions were always based on a clear ethical standpoint. He will be very much missed by all his colleagues and friends.

Whilst we can take some pleasure from the outturn for 1974, there are no reasons *to be complacent. This is no time to relax.* Faced with inflation and recession, we need to continue to show prudence and to conserve resources, in part to prepare for the expected upturn in business in 1976/77 around the world, even if that recovery is postponed in Britain itself. One must hope that this delay will not see our country facing a renewed rise in world prices before our domestic inflation is controlled.

The present state of the Group is healthy and its liquid position sound. Last year cash flow more than covered the necessary capital expenditure of £30 million and met a third of the additional working capital required; gearing has been virtually held for three years.

There has been a slow upward trend in the return on capital employed in the last four years, but profits, *although* well maintained in a difficult year, are still not high enough. So in the present *situation,* your Board did not believe it was in the real interest of shareholders to propose an increase in the dividend.

But present shareholders and prospective investors, with those who advise them, are concerned, not only with the present state of Dunlop, but with the future. Experienced commentators tell us that there are difficulties in understanding Dunlop and the Dunlop/Pirelli Union. This imposes on us a duty to explain continually what kind of group we are and where we are going.

Investors and analysts find it convenient to fit a share into one or other sector familiar to them, such as 'motors and components' or 'electricals' or 'miscellaneous industrials'. So a product spread of our kind, with tyres and automotive products, a considerable stake in cables, sports goods, footwear, flooring, fire fighting equipment, hose and belting, plantations, and innumerable components for the engineering industry does present a genuine difficulty. Compared with 1973, we did relatively better than each of those sectors of the Financial Times index. We do not belong to any one category but seem to get benefit by the spread over several. What is that spread?

THE BUSINESS SPREAD

Industrie Pirelli in Italy, as you know, imposes no liability or commitment for further funds from Dunlop nor does its results affect the profit and loss account. But it is worth remarking in passing that despite the extremely difficult economic conditions which have largely caused the heavy losses there, the cable business in Italy has always been profitable since the Union.

So, Dunlop shareholders are not concerned with Industrie Pirelli in Italy, but with Dunlop Limited, Dunlop International, and the Pirelli companies outside Italy. This geographical spread is *important at a time when uncertainty* about the British economy and therefore *sterling gives added importance to foreign* income. In 1974, Europe accounted for 37% of the trading profit; North and South America for 40%; African interests for 8%; and Asia and Australasia for 15%. In fact, about three-quarters of the trading profit arose outside the United Kingdom.

In a difficult year for the automotive industry everywhere, tyres accounted for some 35% of the trading profit of the Union ex Italy; cables and engineering for some 37%; consumer and industrial goods for 23%; and supply activities, textiles and plantations, for 5%. A *reasonably diversified portfolio of* activities, when one remembers that, in *1970, tyres were two-thirds of the business.*

In a year which began with three-day working in Britain and an unhelpful March budget, and ended with a sharper decline in world trade and activity than generally expected, the spread and variety of business stood us in good stead. It will do so again.

In the next three years, the planned capital spending of the Dunlop Group will be about £120 million, of which some three-quarters will be overseas, reflecting the balance of our activities, almost all financed abroad. As shareholders will have gathered, there has been a marked switch in emphasis in recent years. We are in transition, still believing that our skills and reputation in the automotive industry are a valuable asset as it recovers and grows, rather slowly in developed countries, more quickly among the developing countries. But we are strongly supporting other promising activities, many of them quite small as yet but including our major interest in cables. Electrification and communications are a necessary part of the infrastructure for economic growth and the demand for cables grows appreciably faster than gross national product in most countries. It has ups and downs depending on public authority programmes, but the timing is different from our main activities.

COMMODITY AGREEMENTS

Business conditions cannot be planned, and we must accept that we depend upon some materials which are oil-based and others, notably natural rubber and copper, where price can also vary widely within a year. So, we are much concerned with the international efforts to stabilise commodity prices. As a producer and user of natural rubber, we can see the potential benefits to both and believe that we have something to contribute to this debate. We would support measures which can iron out short-term fluctuations, without damage to the longer term needs for higher yields and higher efficiency. To get the best of both worlds, we believe it is important for the views of consumers as well as producers to be given due weight both in formulating and operating any such schemes.

INTERNATIONAL INVESTMENT

There is a more general uncertainty, felt by some observers, about the future of international companies: will they still be permitted to operate reasonably profitably? It is as well to remember that Dunlop has been international since the turn of the century. We have been proud of our good relations with host countries, seldom criticised, though occasionally expropriated.

It is true, and unfortunate, that anyone who reads the proceedings of the United Nations and its Agencies on this subject will feel that we all operate in a highly charged atmosphere. I use the word 'unfortunate' because an 'adversary' attitude does no good to those developing countries, often with large populations at subsistence level or sometimes below, on whose behalf the speeches and resolutions are made. Beneath the political level, we must go on working for understanding and co-operation. There may be some better auguries. In the first place the issues are becoming clearer as the developed countries are beginning to stand up better for their interests while acknowledging the needs and aspirations of others; secondly, the developing countries know that they need to attract capital, technology and management experience. Naturally, they want and get an increasing say in the terms on which these are supplied. Thirdly, there is more factual information now about the conduct of so-called multinationals than ever before. Almost all of it shows that they bring benefit, and only in rare cases do they overstep the bounds as a guest in another country. Critics should recognise that the occasional transgressions of one do not represent the normal behaviour of all.

The conduct of governments also is important. Most developing countries understand that agreements freely entered into should not be broken unilaterally or, if they are, that there should be proper compensation. The governments of industrialised countries almost always remember that an overseas subsidiary or associate is not to be used as an instrument for interference in the host country's internal affairs. There is much still to be done by individual companies to keep relations right between the investor and the host country. But I am suggesting that as information and experience grow, as recently independent countries gain in confidence, and as many companies like ours are seen to have a constructive role to play, the tide of vague general criticism and potential conflict may well turn.

ACCOUNTING CONVENTIONS

With shareholders and investments in many countries, we naturally welcome the work of the accountancy profession to achieve agreed standards. Inflation accounting is being studied in several countries and we look forward to agreement, if possible internationally. If there is to be a supplementary statement, separate from the statutory accounts, it will be important to know how much weight investors will give to each in the early years, how Governments will treat them from a tax and price code point of view, and how international competitors will apply them.

There is also the perennial problem of stock values. So far, we have held consistently to British practice based on FIFO – first in, first out – for Dunlop and Union accounts. But leading U.S. rubber manufacturers have adopted LIFO – last in, first out – which is also normal practice outside Britain for accounting for the copper used in cables. Its advocates claim that LIFO dampens the effects year by year of wide movements in price. So this is material to our results – it is not an academic point. On this basis for copper, profits in 1974 would have been appreciably greater; the converse can also be true – in 1973 the figures would have been lower.

I now turn to the future.

THE PRIVATE SECTOR

When we meet next year, the influence of the Referendum on the politics and economics of this country should be easier to see. The result is a vote not only for Europe but for an open economy in trade and payments – a basic policy long supported by a majority in every democratic political party and very important for every company engaged in competitive trading and investment around the world. As one of these, we are, therefore, governed by the attitudes and criteria of the private sector. This does not make it unduly difficult for us to be aware of our social responsibilities in and between countries, but it does mean that we must not be expected to behave like a social service: above all, in our home base.

Being in the private sector, we hold the view that a multitude of individual market decisions is more likely to give people what they want than a few centralised points of decision, however wise the decision-takers. We believe this for the markets in which we sell, for the commodity markets in which we both buy and sell, and for the capital markets on which we ultimately depend. Each must operate as their experience and prudence tell them, and it seems to us that they deserve recognition rather than criticism for the ways in which they have absorbed the major economic shocks from the oil crisis and the political uncertainties to which they have been subjected.

Of course, it would be unrealistic to claim that all markets or all the people in them, are perfect. As a company, we have suffered from damaging but baseless rumours. But such events must not be allowed to detract from confidence in the market system as a means of allocating resources and of settling relative values. More self-regulation, perhaps: a legal strait jacket, no.

THE WAY AHEAD

Hopefully, we are also at the end of a period when political, even electoral, considerations have taken precedence. Perhaps we can now attack the basic issues confronting the country – to control inflation and improve our competitive performance – with enthusiasm. There is everything to be said for high and rising real wages earned by, and paid from, high productivity. Other social democracies can achieve this by getting their mixed economies to work well.

The success of our British managers abroad and the 33% increase in export sales last year confirm our view that British industry is capable of competing successfully. But it cannot be done by detailed central planning or by pumping money with political strings of one kind or another into some chosen firms or sectors; but rather by creating a more helpful framework in which industry generally can become more market oriented and so more efficient. The Government and Trade Unions are devoted to redistributing wealth – that does not create it. As industry is the main instrument for doing that, it should be a unifying force in society. Yet the suspicion is still widespread that employers are in some way hostile to society.

There is a problem of communication. Political opinion-formers tend to stress rights not duties; the excitement of conflict, not the strain of co-operation; centralisation and conformity rather than freedom of choice.

By contrast, the employer's role is to ask week after week for reliable work, perseverance, economy with resources, sensible co-operation, and widely dispersed responsibility. Rather old-fashioned and not so popular virtues, perhaps, at the present time, but necessary because effective effort and material progress can improve the quality of life about which everyone cares. When Britain is living on 'tick' and men of goodwill are looking for common ground, cannot even those to whom the 'size of the slice' matters most, agree that the 'size of the cake' matters first?

When we meet in twelve months' time, the Government will have had another year to show that it understands this. Even if the Chancellor can halve our inflation, Britain may still be in recession with the stronger countries coming out of it. Already there are a few more hopeful signs of recovery in the stronger countries in Europe where we had a difficult time last year. Outside Europe, the level of business in a number of our overseas operations is holding up well and the recession in the U.S. appears to have touched bottom.

In fairness, Mr. Healey's latest budget is helpful. We shall save some £3 million in cash as a result of the stock appreciation relief provisions and we should get further help from the changes in the price code regulations.

All in all, I cannot hold out hope of exciting results in 1975, but you may be sure that senior management will continue the tight control and careful allocation of resources which now apply, as well as preparing for the years ahead. They are, by instinct, people who like to build businesses that grow. Shareholders will, I am sure, wish to thank them for the special efforts, often against their instinct as entrepreneurs, which have strengthened the base for future initiatives.

Copies of the speech and 'Dunlop at Work in Britain 1974' can be obtained from the Secretary, Dunlop Holdings Limited, 25 Ryder Street, London SW1Y 6PX.

DUNLOP

COMPANY NEWS

Lankro profits more than double at £2.9m.

FOR THE year to February 28, 1975, after a £525,000 transfer to pension fund taxable profit of Lankro Chemicals Group more than doubled from £1.41m. to a record £2.93m. The advance at halfway was from £531,000 to £1.48m.

Earnings are shown to have risen from 14.1p to 28.5p per 25p share and the dividend is raised from 3.24p to a maximum permitted 3.528p with a final of 2.228p.

The directors state that trading results for the first three months of the current year indicate that performance for 1975-76 as a whole should be satisfactory, although it cannot be expected that the outstanding results for 1974-75 will be equalled.

World prices for many of the group's products were particularly favourable for much of the year and while the chemical industry throughout the world is now affected by industrial recession the diversity of its products and in particular its agricultural chemicals, are a source of some strength, they add.

	1974-75 £000	1973-74 £000
Turnover	40,236	24,001
Profit before tax	*2,926	1,411
Tax	1,555	729
Net profit	1,371	682
Dividends	171	157

* After a £525,000 transfer to pension fund.

● comment

With home prices taking up the slack in overseas markets, Lankro's pre-tax profits growth of 144 per cent. (excluding pension provisions), after interim gains of 264 per cent., must be ahead of most expectations. Profits will fall this year in line with the chemical industry recession, but, in the absence of severe price cutting, the fall should be cushioned. After all, last year's growth was based on an improved speciality product mix rather than volume; increased raw material prices have lowered break-even points and areas like agricultural chemicals are still going strong. Working capital requirements have posed few problems for the balance sheet which leaves scope for further investment in new products; and on the back of lower bank borrowings, the debt/equity ratio may have fallen from 78 per cent. to perhaps 60 per cent. At 97p, up 2p last night, the yield is 5.7 per cent., in a relatively unexciting chemical sector.

L. Joseph marginally ahead

NET ATTRIBUTABLE profit of Leopold Joseph Holdings was £391,248 for the 12 months to March 31, 1975, compared with £386,913 the previous year. At half way profit showed a "modest advance."

Dividend total is the maximum permitted 6.418p net per £1 share, compared with 5.55p, with a final of 4.843p.

The year end result is struck after interest on loan stock of £66,600 (same) and minorities of £10,322, against £12,345. The retained profit amounts to £232,894 (£277,550).

● comment

Unchanged profits after tax and transfers to inner reserves from Leopold Joseph tell the market very little except that, without the benefits of the £2.3m. from the two German banks for seven months of the year, the overall trend would have been down. The balance sheet, when published, will show that the reduction in balance sheet footings—down from £74.8m. to £67.9m.—has arisen mainly as a result of a reduction in the loan book. As for the bank's holdings, the total has changed less than the mix between CD's, Treasury Bills and short-term loans. Predictably, the investment side has picked up in the current year, as has corporate finance, while foreign exchange has stabilised and lending has shifted slightly from the defensive to the more adventurous. Also, of course, LJ will have the German cash for the whole of 1975-76. The important thing is that Leopold Joseph has done better than just survive, and is possibly even in a position to switch to the offensive—hence the increase in the dividend, the 30p rise in the share price to 240p and yield of only 4.2 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims: Abbey Panels, Allied Breweries, Anglia Television, Walmsley (Bury).

Finals: Edgar Allen, George Bassett, British Cotton and Wool Dyers Association, CNA Investments, Dawson International, Electrocomponents, Evans of Leeds, D. and J. Fowler, GRA Property Trust, Highgate and Job, Imperial Continental Gas Association, Leigh Interests, Mansfield Brewery, Parmali, Russell Bros. (Paddington), S. and U. Stores, Somic, Tecalemit.

FUTURE DATES

Interims:	
Glasgow Stockholders Trust	July 18
Gough Cooper	July 2
SGB	June 30
Websters Publications	June 26
Winterbottom Trust	July 1
Finals:	
British Building and Engineering Appliances	July 17
Comben Group	June 26
English Card Clothing	July 2
Fitch Lovell	July 31
Fodens	July 26
Halma	July 2
Kleen-E-Ze	June 27
Mitchell Somers	July 10
Reed (William)	June 30
Selection Trust	July 2
Stait Carding	June 27
Vaux Breweries	June 27
Warwick Engineering	June 26

CLYDE PAPER

The Board of Clyde Paper has decided to postpone payment of dividend due on July 1 on 240,000 5½ per cent. cumulative preference shares.

£430,000 reduction at Godfrey Davis

AFTER CHARGING £495,000 (£388,000) losses in the European rental companies, profits of Godfrey Davis fell from £1.61m. to £1.18m. in the year ended March 31, 1975.

The taxed profit shows a substantial drop to £399,000, as the tax charge is 66.1 per cent. mainly because of non-allowable depression costs of £80,000 and non-groupable losses in Europe of £200,000.

Earnings are 3.7p (5.7p) per 25p share, and the dividend is maintained at 2.72p net with a final of 2.02p.

	1975 £000	1974 £000
Turnover	40,583	35,360
Profit before tax	1,178	1,608
Taxation	779	898
Net profit	399	712
Minority	50	—
Available	449	712
Pref. dividend	15	15
Ordinary	347	347
Retained	102	365

See Lex

Downturn for Argus Press

A DECLINE in the second half from £264,985 to £76,102 leaves pre-tax profit of Argus Press Holdings, a subsidiary of British Electric Traction Company, down from £0.51m. to £0.34m. for 1974.

A final dividend of 0.625p per 25p share makes a total of 2.5p.

	1974 £	1973 £
Pre-tax profit	335,340	511,870
Tax	205,291	273,253
Minorities	16,355	18,918
Retained	13,819	44,235

And for the Argus Press, all of whose shares are owned by Argus Press Holdings, pre-tax profit declined from £511,901 to £364,563.

Dividend total is 6.4p per £1 share, with a final of 2.5p.

	1974 £	1973 £
Pre-tax profit	364,563	521,901
Tax	205,291	273,258
Minorities	5,237	5,800
Retained	8,417	47,539

£22,055 first half rise at Gt. Northern

Pre-tax revenue of Great Northern Investment Trust increased by £22,055 to £1.48m. in the first half to May 31, 1975. For the full year to November 30, 1974, revenue was £2.74m.

Interim dividend is up from 0.96p to 1.02p net.

In February, the chairman, Mr. J. P. Agnew, forecast that results for the year will be sufficiently good to enable the dividend at least to be maintained at the previous year's 3.06p.

Net asset value per share for the six months is up from 55p to 108p.

	Half year 1974-75 £	1973-74 £
Pre-tax revenue	1,475,786	1,454,651
Tax	559,585	506,825
Net profit	916,171	948,526

Brown & Tawse up £110,000

TAXABLE PROFITS of Brown and Tawse, steel and tube stockholders and engineers, improved from £1.94m. to £2.05m. in the year ended March 31, 1975, following an increase from £0.95m. to £1.02m. at half-time.

Earnings per 25p share are stated at 12.2p (11.9p). The dividend is raised from 1.846p to 2.023p net, with a maximum permitted final of 1.517p.

	1974-75 £000	1973-74 £000
Sales	25,961	22,892
Profit	2,047	1,937
Charged:		
Depreciation	136	132
Interest	566	141
Leasing and hire	209	187
Taxation	942	865
Net profit	1,105	1,072
Extraordinary debit	74	—
Retained	981	982

● comment

Volume down by as much as 25 per cent. has been the general trend for the steel stockholders in the six months to March. On that basis Brown and Tawse's 4 per cent. pre-tax gain for an overall advance of 6 per cent. holds up well. B&T's speciality is tubes and demand here has held up better than in steel sheet while at the same time its foothold in Scotland—accounting for about 20 per cent. of sales—has cushioned the downturn seen further South. But the strains of lower demand and higher stocks (£5¾m. at the year end) have taken their toll on working capital requirements; the overdraft is some £1m. against a similar net cash position at the start of the year. Borrowing is bound to increase again this year despite the move to reduce stocks, so pending a recovery in demand Brown & Tawse will be pushed to keep its growth trend intact. The shares at 54p yield 6 per cent.

London Prudential

So long as there is a prospect of a gradual diminution in the rate of inflation later this year and the Government's attitude towards private industry maintains its more recent constructive posture, the directors of London Prudential Investment Trust intend to maintain a fully invested position in the U.K.

Chairman the Earl of Rosse says that he now foresees the opportunity for profitable investment overseas and permission has been received for a foreign currency loan facility up to the sterling equivalent of £500,000. This will be employed as soon as it appears propitious to do so.

As reported May 20 with net asset values, revenue, before tax, increased from £168,065 to £197,102 in the year ended April 30, 1975.

During the year fairly small net liquid balances were maintained, but by the end of the first quarter of 1975-76, most of these funds had been committed, says the chairman.

An analysis shows that the Trust's holding in insurance and banking industries have been considerably expanded, a position which has been maintained.

Owing to the size of the foreign currency premium, and the cost of surrender when holdings are sold, there was little movement in foreign investments in 1974-75.

Meeting, 20 Fenchurch Street, E.C., July 16 at 11.45 a.m.

Chairman's statement Page 27

Second half decline at Beechwood

A NEAR £100,000 drop in second half profits is reported by Beechwood Construction (Holdings). After taking into account a marginal improvement in the first-half, profit for the year ended March 31, 1975 is £324,128, against £405,588.

Depreciation and interest charges both rose substantially.

	1974-75 £	1973-74 £
Turnover	8,941,373	3,207,491
Trading profit	710,409	673,233
Depreciation	316,531	233,711
Interest paid	69,751	33,934
Profit before tax	324,128	405,588
Taxation	173,125	209,325
Minorities	11,039	8,901
Attributable	139,964	187,362

Earnings per 10p share are 2.3p (3.1p). The final dividend is 1.105p net for a maintained 1.525p total.

The company's business is that of civil engineers. Mr. K. B. Ferguson has been appointed to the Board.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on June 23, 1975: In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n/c) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk.) bankers' rate; (Bas.) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	388.0(sg)
Afghan'tan	Afghani	134 (A)
Albania	Lek	(O)10.10(A) (T)25.25(A)
Algeria	Dinar	(A)7.3875(sg)
Andorra	French Franc	9.08½
	Spanish peseta	126.65
Angola	Ang. Escudo	55.10
Antigua (S)	E. Caribbean	4.80
Argentina	Ar. Peso	(cm) 56.05 (fn) 88.21
Australia (S)	Australian $	1.7028
Austria	Schilling	37.70
Azores	Portug. Escudo	55.10
Bahamas (S)	Ba. Dollar	2.2658
Bangladesh (S)	Taka	28.55(sg)
Bahrain (S)	Dinar	0.8935
Balearic Is.	Spa. Peseta	126.65
Barbados (S)	Barbados $	4.80
Belgium	B. Franc	(cn)78.55 (fn)82.65
Belize	B$	4.0
Bermuda (S)	Bda. $	2.2720
Bhutan	Indian Rupee	18.752(sg)
Bolivia	Bolivian Peso	45.44
Botswana (S)	S. A. Rand	1.547657
Brazil	Cruzeiro	18.05
Br. Solomon Is (S)	Australian $	1.7028
Br. Virgin Is (S)	U.S. $	2.2720
Brunei (S)	Brunei $	5.1670
Bulgaria	Lev	(O) 2.24 (T) 2.77
Burma	Kyat	(A)14.5750(sg)
Burundi	Burundi Franc	178.55
Cambodia	Riel	n.a.
Cameroun Rp	C.F.A. Franc	454¼
Canada	Canadian $	2.3325
Canary Is.	Spanish Peseta	126.65
Cape Verde Is	Cape V Escudo	55.10
Cayman Is. (S)	Cay. I. $	1.88965
Cent. Af. Rp.	C.F.A. Franc	454¼
Chad	C.F.A. Franc	454¼
Chile	C. Escudo	(Bk) 10,449 (T) 11,584
China	Renminbi Yuan	4.0205
Colombia	C. Peso	(F)67.12
Comoro Is	C.F.A. Franc	454¼
Congo (B'ille)	C.F.A. Franc	454¼
Costa Rica	Colon	19.5392
Cuba	Cuban Peso	1.88458
Cyprus (S)	Cyprus £	0.810723
Czechoslov'ka	Koruna	(com)12.75 (n/c)12.65 (T)22.22
Dahomey	C.F.A. Franc	454¼
Denmark	Danish Krone	12.58
Dominica (S)	E. Caribbean $	4.80
Domin. Rep.	Dominican Peso	2.2720
Ecuador	Sucre	(O)56.52 (F)56.80
Egypt	Egyptian £	(O)0.8860125 (T)1.45178
Ethiopia	Ethiopian $	(P)4.7084
Eq'tl Guinea	Peseta	126.85
Falkland Is. (S)	Falkland Is. £	1.0
Faro Is.	Danish Krone	12.28
Fiji Is. (S)	Fiji $	1.81785
Finland	Markka	8.00½
France	French Franc	9.08½
Fr. C'tyin Af ◆	C.F.A. Franc	454¼
Fr. Guiana	Local Franc	9.08½
Fr. Pac. Is.	C.F.P. Franc	165.15
Gabon	C.F.A. Franc	454¼
Gambia (S)	Dalasi	4
Germany (East)	Ostmark	8(A)

Place and Local Units		Value of £ Sterling
Germany West	Deutschemark	5.35
Ghana (S)	Cedi	2.61
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is. (S)	Aust. Dollar	1.7028
Greece	Drachma	68.510
Greenland	Danish Kroner	12.58
Grenada (S)	E. Caribbean $	4.80
Guadeloupe	Local Franc	9.08½
Guam	U.S. $	2.2720
Guatemala	Quetzal	2.2720
Guinea Rep.	Sily	n.a.
Guinea Bissau	♥♥	♥♥
Guyana (S)	Guyanese $	5.81
Haiti	Gourde	11.36
Honduras Rep	Lempira	4.544
Hong Kong (S)	H.K. $	11.2875
Hungary	Forint	(com) 112.77 (nc)(T)48.87
Iceland (S)	I. Krona	348.80
India (S)	Ind. Rupee	18.752(sg)
Indonesia	Rupiah	942.88
Iran	Rial	(A)150.5
Iraq	Iraq Dinar	0.663725
Irish Rep K	Irish £	1.00
Israel	Israel £	15.9187
Italy	Lira	1,425½
Ivory Coast	C.F.A. Franc	454¼
Jamaica S.	Jamaica Dollar	2.0701
Japan	Yen	669
Jordan S	Jdn. Dinar	0.695(sg)
Kenya (S)	Ken. Shilling	16.2754
Korea (Nth)	Won	n.a.(g)
Korea (Sth)	Won	1,100.42
Kuwait (S)	Kuwait Dinar	0.648
Laos	Kip	n.a.
Lebanon	Lebanese £	4.97
Lesotho	S. African Rand	1.547657
Liberia	Liberian $	2.2720
Libya	Libyan Dinar	(P)0.6726
Liecht'nstn	Swiss Franc	5.67½
Luxembourg	Lux Franc	78.55
Macao	Pataca	12.7325
Madeira	Portug'se escudo	55.10
Malagasy Rp.	MG Franc	454¼
Malawi (S)	Kwacha	1.9171
Malaysia (S)	Malaysian $	5.1956
Maldive Is (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	908.5
Malta (S)	Maltese £	0.859712
Martinique	Local Franc	9.08½
Mauritania	Ouguiya	♣
Mauritius (S)	M Rupee	15.33
Mexico	Mexican Peso	28.37
Miquelon	C.F.A. Franc	454¼
Monaco	French Franc	9.08½
Mongolia	Tugrik	(O) n.a. (g) (T) n.a.
Montserrat	E Caribbean	4.80
Morocco	Dirham	9.60(sg)
Mozambique	Moz. Escudo	55.10
Nauru Is.	Aust. Dollar	1.7028
Nepal	Nepalese Rupee	24.40
Netherland	Guilder	5.80½
Neth. Ant'les	Antillian Guild	4.06688
New Hebrides	Franc	146.85
	Austl. Dollar	1.7028
N. Zealand (S)	N.Z. Dollar	1.7344
Nicaragua	Cordoba	15.88
Niger Rp	C.F.A. Franc	454¼
Nigeria (S)	Naira	1.421558 (sg)
Norway	Nrwg Krone	11.74
Oman Sultanate of (S)	Rial Omani	0.786
Pakistan (S)	Pkst. Rupee	22.20(sg)
Panama	Balboa	2.2720
Panama Canal Zone	U.S. $	2.2720
Papua N.G. (S)	Aust. Dollar	1.7028

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	285.48
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A)0.75
Peru	Sol	ex/cA87.93 (A)96.79*
Philippines	Ph. Peso	15.89
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.7344
Poland	Zloty	(Bas.)47 (T)78.70
Portugal	Pgse Escudo	55.10
Port Timor	Timor Escudo	55.10
Principe Isle.	♥♥	♥♥
Puerto Rico	U.S. $	2.2720
Qatar (S)	Qatar Ryal	8.73
Reunion Ile de la	C.F.A. Franc	454¼
Rhodesia	Pound ●●	n.a.
Romania	Leu	(cm)11.29 (n/c)(S)27.59
Rwanda	Rwanda Franc	214.86
St. Christopher (S)	E. Caribbean $	4.80
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.80
St. Pierre	C.F.A. Franc	454¼
St. Vincent (S)	E. Caribbean $	4.80
Salvador El	Colon	5.68
Samoa (Am)	U.S. $	2.2720
San Marino	Italian Lira	1,425½
Sao Tome	♥♥	♥♥
Saudi Arabia	Ryal	7.85½
Senegal	C.F.A. Franc	454¼
Seychelles	S. Rupee	15.53
Sierra Le'ne (S)	Leone	2.0
Singapore (S)	Singapore $	5.1879
Somali Rep.	Som Shilling	(A)14.75(sg)
Sth. Africa (S)	Rand	1.547657
S. W. Africa Territories (S)	S. A. Rand	1.547657
Spain	Peseta	126.65
Span. Ports in North Africa	Peseta	126.65
Sri Lanka (S)	S. L. Rupee	15.5698(sg)◆◆
Sudan Rp	Sudan £	(A)0.857(sg)
Surinam	S. Guilder	4.06688
Swaziland (S)	Lilangeni	1.547657
Sweden	S. Krona	8.91
Switzerland	Swiss Franc	5.67½
Syria	Syria £	(A)8.57(sg)
Taiwan	New Taiwan $	(P)86.336
Tanzania (S)	Tan. Shilling	16.27½
Thailand	Baht	46.355
Togo Rp	C.F.A. Franc	454¼
Tonga Is. (S)	Pa'anga	1.5765
Trinidad (S)	Trin. & Tobago	4.80
Tunisia	Tunisian Dinar	0.942(sg)
Turkey	Turkish Lira	32.65
Turks & C'a	U.S. $	2.2720
Uganda (S)	Ug. Shilling	16.2807
Utd. States	U.S. Dollar	2.2720
Uruguay	Uruguay Peso	(cm)6.258 (fn)6.741
Utd. A'b Emir's	U.A.E. Dirham	8.99½
U.S.S.R.	Rouble	1.57
Upper Volta	C.F.A. Franc	454¼
Vatican	Italian Lira	1,425½
Venezuela	Bolivar	9.75(x)
Vietnam (Nth)	Dong	(O)n.a.(g) (T)n.a.(g)
Vietnam (Sth)	Piastre	n.a.
Virgin Is. U.S.	U.S. Dollar	2.2720
Western Samoa (S)	Samoan Tala	1.5557
Yemen	Ryal	10.20(sg)
Yugoslavia	New Y Dinar	38.2059
Zaire Rp.	Zaire	1.1570
Zambia (S)	Kwacha	1.4649

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 per cent.

●● A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent regime on February 17, 1970. Recent reports suggest a rate of about 1.2329 Rh. dollars to £1.

♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.

(x) General rate: oil and iron exports 9.54.

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles, the North Vietnam dong at 0.308 roubles, and the North Korean won at 0.7083 roubles. With the pound standing at 1.57 roubles, the following relationships could be calculated for the pound: £1=6.98 tugriks; £1=5.13 dongs; £1=210 won.

♥♥ Information not available for this edition.

* Rate is the Transfer market (controlled).

Improvement continues at Head Wrightson

Head Wrightson and Co. has enough work in hand to sustain it for a further year and the group should be able to generate a "reasonable" profit, states Sir John Wrightson, chairman, in his annual statement.

However, looking further ahead is difficult but the company will look for the earliest opportunity to return to its stated policy of expansion, he adds.

With the exception of the steel stockholding company, the group is busy. He views the prospects for remaining so with some caution, though.

At the preliminary stage it was stated that the group had made a record start to the current year. *The latest management accounts show a continuation of the same trend, reports Sir John.*

Last year orders totalled £82m.—a record in real terms as well as in value. "We have had further large orders since the end of the year and we expect the turnover for the current year to be over £60m," he adds.

During 1974/5 the company managed to finance increased business without any major change *in bank borrowings even after capital expenditure of £1,237,000.*

Trading profits for the year of *the part of the group which is* trading at the present time increased from £2.28m. to £2.36m., but were reduced by exceptional items of £641,000 compared to £89,000.

Sir John advises that he will retire in June next year on reaching retirement age. Mr. John Eccles is being appointed vice-chairman and it is the wish of the directors that he succeed Sir John.

As reported on May 15, pre-tax profit declined from £1.17m. to £302,000 during the year to Janu*ary 31, 1975, after a loss of £1.42m.* at halfway. Dividends are down *from 2.246025p to 1.123p net.*

A statement of source and *application of funds shows an* outflow of £99,000 (£2.35m.) in net *liquid funds.*

Meeting, Yarm (Cleveland) on *July 16 at 3 p.m.*

Statement Page 24

This, it has also been noted, may involve a restructuring.

In 1974, the group incurred a net loss of £8.3m. after provisions of £33m.

In their report, the auditors, Touche Ross and Deloitte, say: "We refer to note 2 to the accounts which describes the bases and assumptions used in evaluating the security for the loans secured on properties and the provisions arising thereon. In our opinion the provisions have been reasonably compiled and the bases and calculations are properly reflected in the accounts.

"Because the assumptions referred to involve a judgment which cannot be substantiated at this date either by the directors or by ourselves and can only be established by subsequent events, we are unable to form an opinion *whether the provisions against* loans secured on properties are *adequate or not.*"

Shareholders will be asked at *the annual meeting on July 16* to fix the borrowing limit to correspond with the larger one under the trust deed for the 9½ per cent. Subordinated Unsecured Loan Stock 1992-97. Borrowings at the end of May for purposes of the *Articles* were £367m., compared with a limit of £415m. based on the end-1974 balance *sheet.* reflecting eight *times* capital and reserves. It is stated that "although the com*pany does not intend to increase* its overall borrowings, the limit could *become restrictive.*"

See Lex

£11.64m. for the 16 months to March 31, 1975. Earnings per 25p share totalled 13.23p and the dividend total is 3.73p net.

On a CPP basis, sales were £157.95m., pre-tax profit £12.68m. and earnings per share 15.73p.

Meeting, Connaught Rooms, W.C., on July 14 at noon.

Premier Oilfields confident

SIR GEORGE BOLTON, chairman of **Premier Consolidated Oilfields,** tells members that the group can look forward confidently for several reasons: the balance sheet is strong: the company is reasonably protected against the vagaries of sterling by the self financing U.S. subsidiary; and in the U.K. there are attractive prospects for the group in North Sea Oil.

Premier Consolidated Oilfields (U.S.) is now an independent U.S. *oil company with its own* internally generated cash flow. Sir *George believes that there is* increasing scope for companies like this to take part profitably in present U.S. efforts to become self-sufficient in energy.

The group is continuing to *reinvest* part of the cash flow accruing to the interest in the Midway-Sunset Oilfield leases in further development work under the terms of the agreement with Prudential Funds.

As regards the situation in Trinidad the chairman says that following an increase in the tax reference price, tax now amounts to effectively 100 per cent. of net proceeds. "This situation is clearly unsatisfactory and . . . can be construed as expropriation by taxation," he declares.

As reported May 29 group pre-tax profits expanded from £85,739 to £373,096 in the year ended March 31, 1975. A rights issue of one-for-one at par is proposed.

Meeting, Winchester House, E.C., July 17 at noon.

ARGENTINE LAND

Stockbrokers, Simon and Coates, state that they have now been informed that 12,500 shares in **Argentine Southern Land** which on April 16 they stated they had *sold at 46.8p average on behalf of an associate of Argentine Southern had instead been sold* on behalf of Ashbourne Investments.

The last recorded holding of *Ashbourne in ASL was just over* 1m. shares, about 25 per cent. Mr. *Lionel Casper, who represents sub*stantial interests in Ashbourne is *currently opposing a 60p a share* bid for ASL by Great Western Cor*poration, SA, a Luxembourg com-*

Norcros investment policy

The policy of high capital investment continues to be one of the most important elements in the success of Norcros, the industrial holding company which bought Crittal Hope Engineering in March last year, says the chairman, Mr. J. V. Sheffield, in his annual statement.

The group has consistently pursued a policy of substantial investment in modern plant and machinery and factory improvements. Expenditure on fixed assets during 1974/75 amounted to £5m., he states.

Significant improvements in profitability have been secured in most of the new businesses, reports Mr. Sheffield. Further improvements in performance are planned for the future but much will depend in the short term on the stability of the U.K. economy.

Voyer S.A., quoted on the Paris Bourse, incurred a loss of Frs.29m. in 1974 and will not be paying a dividend for that year. Crittall-Hope Engineering acquired this investment in 1972 at a cost of Frs.39m. and a provision of 100 per cent. has been established by Norcros upon its acquisition of Crittall-Hope Engineering.

In current trading conditions of very high inflation, the 38 per cent. increase in Cash Flow per share is probably the most important single aspect of company finance. The success of Norcros is due in no small measure to this aspect of its affairs and has enabled the ratio of net current assets to be maintained at a very healthy 1.5:1, similar to the pattern developed throughout the group over the past several years, he states.

As reported on June 16, sales were £142.44m. and pre-tax profit

Unwise to predict FNFC future

By Margaret Reid

It would be unwise now to offer *any predicitions as to the future* of the company, says Viscount De *L'Isle in his valedictory statement* as chairman of First National *Finance Corporation, the secon*dary banking and financial con*cern.*

Lord De L'Isle, who is retiring *after the coming annual meeting* of the group, which has been heavily backed with *support loans* of at least £300m. from the big banks' *support consortium, adds:* "as in the past, its future will *depend in a high degree upon* the unfolding of events and the *shaping of national policies.*"

He also says it is legitimate to express the opinion that, in housing and property development, the company is in a field where recovery is a necessary preliminary to a more general rise in busines confidence, activity and prosperity.

It had already been stated that, the large banks' support group and the FNFC Board, where Mr. Maurice Denton of the National Westminster Bank has recently become a managing director along with Mr. Pat Matthews, believe the time has come for a fundamental review of the company's position.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
♣	F.P.	—	172	165	Akroyd & Smithers...	165	.....	—	—	—	—
48	F.P.	11/7	56	46	Clive Discount (20p)...	51	.....	15	—	8.7	—
♣	F.P.	—	£22¼	£17⅛	Cont.Can. Inc. $1.S1...	£18⅝	−⅛	$1.6	—	4.3	—
$112	F.P.	30/5	365	293	Doelkraal Gold Mining	355	+10	—	—	—	—
::	F.P.	—	134	120	*Ewart New Northern*...	151	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price £	+ or −
£100	F.P.	—	100	92½	Agricultural Mortgage 11% 1976	100	.....
‡£100	£25	11/6	66½	39	Allied Irish 10% Conv. Uns 1986	42½	.....
$100	F.P.	—	$100	$100	Barclays Bank Int. 9¼% Capital Notes 1982	$100	.....
£97½	£10	—	10	9½	City of Westminster 12% Red. St. 1981	10	+⅛
£100	£10	11/7	12	11⅛	*Colne Valley Water 9% Red. Prf. 1980*	12	+¼
£100	F.P.	—	£104	£104	BonisFinance(U.K.)9%CnvGtdUnsLn.85-90	£104	.....
£100	£10	31/7	11½	11¼	Folkestone Dist Water 9% Red Prf. 1980	11½	.....
‡£100	F.P.	6/6	152	131	Gestetner 10% Com. Uns. '90/95	126	.....
$98	F.P.	—	$98½	$96½	Granges 9½% Bonds 1985	$98½	.....
£99	F.P.	30/5	102¼	98½	Lincoln Corp. 13% 1980	100¾	.....
‡£99	F.P.	30/5	105½	101	Mid-Kent Water 10% Prf. 1980	101¼ xd	.....
**	F.P.	23/5	105½	101¾	Mid-Southern Water 10% Prf. 1980	102 xd	.....
$100	F.P.	—	$102½	$100½	Norsk Hydro 9¾% Bds. 1985	$102¼	+1
£100	F.P.	31/5	123	106	N. Atlantic Secs. 7½% Cnv. 85-95	114	.....
£100	£10	31/7	11½	11	N. Surrey Water 9% Red Prf. 1980	11½	.....
11£7c	F.P.	—	185¼	100	Rickmansworth & Uxbridge 10% Prf. 1980	104	.....
£99½	£45	1/8	45¼	43½	Southend-on-sea 12¾% 1981	44	.....
£99	F.P.	11/4	105	99	S. Staffs. Water 10% Prf. 1980	101¼ xd	.....
**	F.P.	18/4	105	101	Sutton District Water 10% Prf. 1980	101½	.....
£99¼	£66	11/7	66	64½	Warwickshire 12¼% Red. Stk. 1980	64½	.....
£1	F.P.	24/6	110p	98p	Waterford Glass 10% Conv. Cum. Red. Pref.	98p	−2½
—	F.P.	14/2	90	80	Worth (Bond) 12% Conv. Uns	85	.....
‡£100	£50	2/10	97	67	Yorks Chems. 12¼% Conv. Uns	81	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date †	Latest Renunc. Date ‡	Stock	Closing Price p	+ or −
53	F.P.	16/5	2/7	Associated Biscuit	61	−2
45	F.P.	20/6	8/8	Associated Engineering	54	+½
25	Nil	—	—	Barrow Hepburn	11½pm	−1
85p	Nil	2/7	1/8	Bell (A.)	12pm	.....
46	Nil	—	—	Boc Intl.	3pm	−1½
£100	Nil	—	—	Borel (Jacques)	243pm	.....
40	Nil	3/7	8/8	Carless Capel	20pm	.....
A$1.50	Nil	2/7	7/8	Commercial Bank of Australia	78pm	−6
45	Nil	26/6	25/7	*Duport*	21pm	.....
35	F.P.	16/5	11/7	Elliott Grp. (of Peterboro)	35	−1
65	Nil	—	—	Ever Ready	7pm	−2
38	Nil	—	—	GEI Int.	7pm	.....
200	Nil	—	—	Glaxo	146pm	−14
17	Nil	—	—	Gordon Johnson-Stevens	1½pm	.....
52	F.P.	16/6	11/7	Hawkins & Tipson	65	+1
25p	F.P.	24/6	18/7	Hestair	49	−3
40	F.P.	13/6	11/7	Macarthys Pharm	50	.....
100	F.P.	11/6	11/7	Marshalls Universal	111	.....
Kr200	Nil	12/7	—	Norsk-Hydro	324pm	.....
10p	Nil	2/7	8/8	NSS Newsagents	31pm	−2
60	Nil	—	—	Nurdin Peacock	21pm	−2
25	Nil	—	—	Phoenix Assurance	20pm	.....
5p	Nil	—	—	Premier Cons. Oilfields	6pm	.....
105	F.P.	19/6	17/7	Prudential Ass.	117	−7
47	F.P.	4/6	16/7	Richard & Wallington	60	.....
20	Nil	—	—	*Root Harvesters*	8pm	.....
27½	Nil	—	—	Sereck	7pm	.....
500p	Nil	—	—	Siebens Oil & Gas UK	340pm	.....
76	F.P.	20/6	18/7	United Biscuits	91	−4

Renunciation date usually last day for dealing free of stamp duty. *a* Placing price to public. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. *u* Forecast dividend: cover based on previous year's earnings. ¶ Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender ♣ Offered to holders of Ordinary shares as a "rights." ♥ 200 S.Afr cents. ‡ Rights by way of capitalisation. ‡‡ Tender allotment price. ♦ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. § With warrants.

MINING NEWS

Anglo still spending in Rhodesia

BY LESLIE PARKER, MINING EDITOR

IN THE MIDST of all the problems involved in the currently poor market for nickel and the much more convoluted questions posed by Rhodesia's political crisis it is a prime example of the mining industry's faith in its future under even the most difficult conditions that South Africa's **Anglo American Corporation** is *still pressing on with a major* capital development programme *for its Rhodesian Nickel Cor*poration offshoot.

Chairman Mr. C. A. Carey-Smith underlined this in his annual statement in Salisbury yesterday. Work is proceeding on the extensions to the Bindura smelter and refinery in order to cope with concentrates from **Johannesburg Consolidated's** new Shangani nickel operation and those from the new Epoch mine which Rhonickel is developing itself.

Some £1.9m. was spent on this work last *year*. A further £3.3m. *will be needed to bring Epoch* to production. It is hoped to start milling early in 1976 at a total cost of £5m. excluding interest charges. Rhonickel is borrowing $Rh.5m. from Charfield Investments while Anglo American has increased its loan facilities to $6m.

The chairman says that in the past few months demand levels for nickel have been falling and he considers that there appears to be "little immediate prospect" *of the situation improving.* Rhonick's second half profit fell *to $0.55m. for the year to March* compared with $1.8m. in the first *half. At least sales in the second* half still matched production.

Falconbridge problem

One of **Falconbridge Nickel's** many headaches, which it is at least managing to stave off to some extent, even those brought on by the Ontario Government's tax blows, is that posed by the **Kilembe Copper Cobalt subsidiary.** Mr. George Woodrooffe, the latter's *chairman, says that Falcon*bridge has been approached by about *five companies seeking to* buy its stock interest in Kilembe *although no decision has been* made to sell.

If Falconbridge retains its interest it would keep Kilembe in *the business of mining exploration* and development, he adds. The *situation arises through the* Uganda Government's take-over of *Kilembe's 70 per cent. interest in* the copper mine of that name in *Uganda for $2.4m. spread over a* period ending in March, 1978. This was the Canadian company's only operating asset.

As a result trading in Kilembe has been halted on the American Stock Exchange although the shares are still listed in Toronto. Mr. Woodrooffe says that if the company is reactivated dealings are likely to be restored. A definite plan for Kilembe's future activity "will be developed in the near future." The shares are quoted on Mondays in our weekly *Canadian list.*

Underground storage for Nth. Sea oil

A FURTHER step in the growing link between the oil and mining industries comes with the news that on the mining side London's **Selection Trust** group and West Germany's **Kavernen Bau-und Betriebs** have reached *an agree*ment to collaborate on the design and construction of underground *oil and gas storage facilities in* the British Isles and in the British *sector of the North and Celtic* seas.

The *two complementary mining*-engineering *firms* see the need *for huge underground and sea*-bed storage facilities for offshore *oil and gas. They also claim that* underground caverns, provided by conventional mining, are much cheaper to provide than are surface storage tank facilities which require large areas of ground and which would provoke understandable objections from environmentalists: a vast hole underground requires only a small hole on the surface.

At the moment the emphasis on the coming problem of U.K. *oil and gas storage is put on* underland facilities, but the part*ners are fully confident that they* can also provide means of storage *beneath the seabed.*

The West German company has *long experience of under*ground storage facilities and the *London company certainly* knows about mining and has North Sea links, *notably via the very pro*fitable operations of its record-*breaking heavy lift craneship* "Thor" and associated activities. *For once, it seems, the mining* men may be welcomed by the *environmentalists who, like the* rest of us, need the benefits of *North Sea oil and gas.*

PROGRESS AT F. S. SAAIPLAAS

Satisfactory progress is reported in the first phase of the R51m. (£32.6m.) expansion programme of President Brand's Orange Free State gold-producing subsidiary, Free State Saaiplaas, shares in which were offered to President Brand shareholders via a one-for-one rights issue earlier this year.

The new No. 3 shaft headgear in the south-western portion of the Saaiplaas lease area is scheduled for completion by September. Commissioning of *the new shaft in 1979 will* accompany an expansion in ore *treatment capacity to 200,000 tons* a month—it averaged 80,000 tons *per month in the March quarter*—and make Saaiplaas a large-scale producer of low grade gold ore and a "significant" producer of uranium.

Deposits of Free State Saaiplaas shares have now been accepted, under the usual conditions, for the purpose of issuing American Depositary Receipts in New York where they will be traded on the *"over-the-counter" market* and for the issue of International *Depositary receipts in Brussels.*

ROUND-UP

No final decision has been reached at the latest meeting *between South Africa's Chamber* of Mines and the Council of Mining Unions in *an attempt to* break the apparent deadlock in negotiations over the White miners' demand for a five-day week. According to a joint statement, it has been agreed to continue negotiations but no date has been given for the next meeting.

* * *

The Syrian Arab Republic has retained **Hunting Geology and Geophysics,** a division of **Hunting Surveys and Consultants,** as consultants to the Ministry of Petroleum and Mineral Resources to advise on the development of Syria's mineral resources. A company team will study the country's resources of phosphate uranium and chrome as well as a wide range of industrial minerals.

* * *

Canada's Vestor Explorations, which was causing some embarrassment to the Irish mining cause in January by announcing the start of exploration *operations in that country when* the industry there was locked in *fiscal battle with the Government,* says that it has tested three tar*gets to date. Two have yielded* geological encouragement and *warrant further testing. The* third proved negative. A fourth *is being drilled. At least three* others remain to be probed. *Vestor is backed in these ventures* by American oil groups Superior *and Chevron.*

BIDS AND DEALS

Greening rejects new JFB terms

An increased bid of £6.7m. for **N. Greening,** the Warrington wire and engineering concern, by **Johnson and Firth Brown** last night failed to win the Greening Board from its opposition hitherto. The company described the increased terms as inadequate and unacceptable.

JFB is offering three of its shares, last night 2p down at 47p before the revised bid, for every five in Greening, thus valuing the latter, which closed ½p lower at 29p in the market, at some 28p. Previously, a one-for-two offer had been rejected. The acceptance date has been extended to July 7.

An important reminder of the role that the Common Market *authorities may have in deciding* the course of this bid battle came *last night.*

The Greening Board then also said that it had been informed by the Commission of the *European Economic Communities* in Brussels that on or before June 17, JFB and Lazard Brothers (its advisers) gave an undertaking to the Commission that they would not exercise any rights attaching to Greening which vested in JFB control of Greening until such time as the Commission authorised the acquisition of Greening by JFB.

It was added that the Greening Board and Samuel Montagu, its advisers, considered this undertaking of material importance for *Greening shareholders and that* the implications of it would be *explained in a circular to share*holders soon.

See Lex

CRODA—MYH

Croda International's offer for **Midland-Yorkshire Holdings,** which became unconditional on May 30, have been further extended to July 4, for late acceptances.

Acceptances of the Ordinary offers have been received in respect of 1,134,318 shares, of *which 1,009,125 were acceptances* of the share offer and 125,193 of *the cash element. Acceptances* for the Preference shares have been received in respect of 19,204 shares.

Total acceptances, together with the 859,750 Ordinary owned before the offer period, represent 85.9 per cent. of the voting capital of Midland.

ANGLO—THAI PURCHASE

Anglo-Thai Corporation reports that on June 4, its subsidiary, John Fry *(Holdings) acquired full* control of the Grantham group from Ford Motor *for £100,967.*

Fry also acquired from Ford a number of *freehold and lease*hold premises occupied by Grantham in *Lincolnshire for a* further £197,000.

PERNAS SEEKS MORE CONTROL

Substantial stakes in two British plantation companies are being sought by **Pernas Securities,** the Malaysian Government-sponsored concern which is proposing to take a 39.7 per cent. stake in Haw Par.

This has been disclosed by **Tengku Razaleigh,** head of Pernas Securities and of Petronas, the State oil company.

It is known that the *Malaysian* Government policy is for Malaysian subsidiaries of British-based companies to be substan*tially owned locally in due course.*

Disclosing the latest moves by *Pernas over the week-end follow*ing his election as a vice-presi*dent of Malaysia's ruling party,* the United Malays National Organisation, Tengku Razaleigh declined to name the two companies for fear of affecting the share prices concerned.

In London, plantation company share prices have been stable for about a week and yesterday's news had virtually no effect on the sector. Two companies whose names have been suggested, Golden Hope Plantations and Highlands and Lowlands Para Rubber, were unchanged at 48½p *and 43p respectively, while* another, Guthrie Corporation, re*mained at 200p.*

It is believed that the com*panies now in negotiations own* several hundred thousand acres of rubber and palm oil in Malaysia.

Tengku Razaleigh said that if the latest proposed deals went through the Government's policy of acquiring substantial holdings for the Bumiputras (Malays) would be achieved much earlier than the target year of 1990.

EDWARD DOHERTY

*Hospital ward equipment manu*facturer, **Edward Doherty** and *Sons has bought Ellison Hospital* Equipment from BOC Inter*national for an indisclosed sum.*

Ellison makes hopital beds and ancillary *equipment* which will complement Doherty's already extensive *product range.*

VISIONHIRE

Visionhire has acquired the television rentals assets of Loyds Surevision and certain properties belonging to Loyds Retailers in Northern Ireland where they have agreed to cease all TV rental operations.

The two Loyds companies are wholly owned subsidiaries of Philips Electronic and Associated Industries which holds 25 per cent. of the capital of Electronic Rentals Group (ERG), the company which owns Visionhire. ERG is paying a total of £1.384m (including VAT of £245,000) for the purchase which will greatly strengthen Visionhire's position in the highly competitive Northern Irish television rental market.

NEWMAN—TPG

In respect of the deal whereby **Newman Industries** proposes to take over major investments owned by **Thomas Poole and Gladstone China,** *part of the deal pro*vides for Newman to take in the benefit of £30,000 owed by Mr M. C. Abbott, and not £30,000 owned as inadvertently stated yesterday.

JAMES SCOTT

James Scott Engineering has agreed to sell its 68 per cent *interest in its Israeli subsidiary* Asher Feuchtwanger, to the local *Israeli management of AF who* hold the remaining 32 per cent. stake in the company.

The consideration together with a special net dividend—externally funded by the purchasers—on the Scott stake, which has been distributed simultaneously with the completion of the sale, amounts to about £670,000.

SMC holders can withdraw

The Takeover Panel has required Charterhouse Japhet to give shareholders in **Sealed Motor Construction** who this week accept the increased Myson Group offer for their shares the right to reconsider and withdraw their acceptance.

This has arisen because the document sent out over the week-end by Charterhouse—advisers to Myson—containing the increased Myson offer incorrectly claimed in its first sentence that the new offer was worth 75p, whereas on the basis of calculation used by Charterhouse the offer is worth 50p a share.

Normally, shareholders in a company subject to a bid cannot withdraw their acceptances until 42 days after the first offer document has been posted—a period of time which in the Myson case has not yet elapsed.

Charterhouse will write to all SMC shareholders whose acceptances it receives between Monday and Friday this week, giving them the right to withdraw their acceptance within eight days.

There is a rival bid in for SMC from **Adwest Group** (now extended to July 4) which was originally recommended by the SMC Board. However, the SMC Board has said following Myson's increased bid, that shareholders should take no action on either offer until it has considered the situation.

Yesterday, the SMC Board referred in a statement to the "material error" in the first paragraph of the Myson document and said that it "is important that shareholders should not make the mistake of accepting the figure of 75p as being the true value of the increased offer."

APPOINTMENTS

Group changes at Norwich Union

The NORWICH UNION INSURANCE GROUP has made the *following changes:* **Mr. G. N. Holmes** is retiring from the *Boards of the Life Society, Fire* Society and other group companies and **Mr. L. S. Marler** is retiring from the Board of the Life Society and from the London Advisory Board. **Dr. K. A. Latter** has been appointed a vice-president of the Life Society and **Lord Townshend** will become vice-chairman of the Fire Society from July 23. **Mr. R. H. Courage** is to be chairman of the London Advisory Board and a director of the Life Society, Fire Society, Scottish Union, and Maritime from July 8. **Earl Ferrers** has been appointed a director of the Life Society, Fire Society, Scottish Union, and Maritime from June 27. **Mr. F. Cator** will be a director of the Life Society, Fire Society, Scottish Union, and Maritime from January 1, 1976. **Mr. K. Gould** will be deputy chairman of the London Advisory Board, and alternate to Mr. Courage on the main Boards from July 8. **Mr. J. S. Peel,** a member of the main Boards, has been made a member of the London Advisory Board from July 23.

*

Mr. G. L. A. Jamieson has retired from the Board of the SCOTTISH MORTGAGE AND TRUST COMPANY.

*

Mr. W. M. Thompson, an associate director in the *export* department of HOOVER is to retire *on June 30.*

*

Mr. I. D. Lowe has become managing director of DAVID LOWE AND SONS and **Mr. J. Spalding** has been made secretary.

Mr. R. J. Weedon, general manager, and Mr. F. Boisson, service controller, have been appointed to the Board of SPECTRA RENTALS.

*

Mr. Ralph Cary has become chairman of the NATIONAL FARMERS UNION MUTUAL AND AVON INSURANCE to succeed the late Mr. James H. Gray. Mr. K. L. Smith becomes vice-chairman.

*

Mr. Peter Leek, formerly an associate director, has been *appointed a full publishing* director of GEORGE ALLEN AND UNWIN. *Mr. Victor Thorpe* and Mr. Patrick Gallagher have been *made associate directors.*

*

On October 1 the following will *become chairmen of the four* divisions of the INSTITUTION OF ELECTRICAL ENGINEERS: Professor J. L. Douce, control and automation; Mr. I. L. Davies, electronics; Mr. M. N. John, power; and Mr. J. R. Thompson, science, education and management.

*

Mr. Peter How, chairman of the How Group has been elected president of the HEATING AND VENTILATING CONTRACTORS' ASSOCIATION.

*

The BRITISH CERAMIC MANUFACTURERS' FEDERATION has *made the following appointments:* Mr. Peter Williams, president, and Mr. J. S. Goddard, vice-president. The retiring president, Mr. A. N. Smith has become deputy president.

Arab states seek large Euroloans

BY RICHARD JOHNS

THE Union des Banques Arabes et Francaises is understood to be negotiating substantial medium-term Euro-currency loans for Algeria and Iraq, as well as Oman.

Asked about the size of the credit facilities—reported to be in the region of $500m. apiece for Algeria and Iraq—a senior official of the Paris-based consortium bank said that it was "too early for comment."

However, it is expected that a $50m. bond issue for the Sultanate of Oman will be announced next week. Among the participants under UBAF's lead management will be First National City Bank, Banque de Paris et Pays Bas, American Express, First Chicago and the Arab African Development Bank.

Last week it was announced that UBAF had arranged a $100m. roll-over credit for Sonatrach, the Algerian state oil corporation, and that the Banque Nationale d'Algerie was floating a Kuwaiti dinar issue worth the equivalent of $34.5m.

Further Algerian recourse to the Eurocurrency markets was expected in City Banking circles. But news of Iraq's first entry into this field has caused some surprise. This Gulf oil producer last year registered a short-term surplus of over $1.5bn. in 1974 at the end of last year and had liquid assets of over $3bn. at the end of last year. Bankers expressed scepticism about the prospective borrowing reported.

At the same time, the country is known to be hell-bent on development and implementing its development projects quickly. UBAF would be the obvious agent for Iraq to use for raising finance, having deployed a significant proportion of its external assets through this in the past. It is also a shareholder in UBAF through the 6.33 per cent. shareholding in it of the state-owned Rafidain Bank.

Hoechst capacity threat

BY OUR OWN CORRESPONDENT

IF THE costs of burning and dumping chemical wast (already substantially higher than those borne by foreign competitors), continue to increase, Hoechst will have to close a number of production units. This was stated at a Frankfurt Press conference given by Hoechst by company director

Schaafhausen expressed particular concern about waste products from Hoechst plants in the Rhine-Main area. These now have to be transported up to 220 miles into other states of the federal republic. Next spring, the capacity of the Offheim dumpt, where a large part of the parent plant's waste is deposited, will be exhausted.

Production sectors most affected by both cost factors and that of solid-waste dump capacity were intermediates for dyestuffs, pharmaceuticals and crop protection chemicals. Over the past five years, Hoechst's german plants had spent DM 930m. on environmental control, including DM385m. on investments in new plant. For every Deutsche mark paid but as dividend, the firm has spent DM1.10 on the environment.

French chemicals link

BY RUPERT CORNWELL

PARIS, June 23.

THE TWO major State-controlled French chemical groups, CDF-Chimie, a subsidiary of Charbonnages de France, and l'Entreprise Miniere et Chimique (EMC), have announced a wide ranging co-operation agreement that some observers feel might presage a full-scale merger.

The deal, finalised over the week-end, in the first place opens the way to a pooling of the companies' resources in the polyvinyl chloride (PVC) and monomer vinyl chloride (MVC) fields. The latter will be handled by EMC, while CDF-Chimie will take charge of the combined PVC business.

Despite the depressed state of the world chemical industry, industrial observers here have been quick to point out the logic of the deal. As yet neither manufactures PVC, for which demand remains high. However of the key materials required, EMC produces chlorine and MVC, while the ethylene needed to make PVC is provided by CDF-Chimie.

Moreover the new plant at Mazingarbe in the Pas-de-Calais region in the North that CDF is building will make it the third largest producer of PVC in France, with an annual output of 130,000 tons, behind Rhone Poulenc and Solvic, a subsidiary of the Belgian Solvay group.

The other major area of co-operation will be fertilisers. The two will join forces for ammonia production outside Europe, while their respective research and output of phosphates and derivatives will be closely co-ordinated.

EDF plans SDR issue

PARIS, June 23.

THE STATE utility, Electricite de France (EDF) is planning to launch a bond issue denominated in Special Drawing Rights (SDRS) in the near future, an EDF spokesman told Reuter.

He added that conditions are not yet finalised but are likely to be for around 50m. SDRS at 8.75 per cent. over eight years, with the issuing syndicate headed by Kredietbank Luxembourg.

The issue will be guaranteed by the French State, in line with other EDF bonds and is expected to be followed by other French EDRS, market sources said.

Michael Blanden adds: The EDF issue would be an important test of the new market in SDR bonds. The two issues so far, for Alusuisse and for Sverliges Investeringsbank, have been very successful, both being increased in size in response to strong demand. The EDF issue, however, would extend the period so far tried to eight years, against seven years for the Sveriges Investeringsbank, and the suggested coupon is 0.25 point lower than on the two issues so far.

*

Mitsui Shipbuilding and Engineering said it will float a $20m., five-year bond in Kuwait on July 16.

Telexed invitations have been sent by a syndicate led by Kuwait Investment Corp. and Womura Securities of Japan, it said other Loan terms including coupon and issue price are yet to be fixed, but the bond will be guaranteed by Mitsui Bank.
Reuter

Semperit plant deal shelved

By Paul Lendvai

VIENNA, June 23.

IN VIEW of the slackening demand for tyres, the Austro-French project of building a new plant for lorry tyres in Lower Austria by the Austrian company Semperit and the French operation Kleber-Colombes has been shelved. Announcing this, the director-general of Semperit, the leading Austrian rubber concern, Herr Carl Rueger, added that at present only half of the company's capacity for lorry tyres, and a mere 60 per cent. for car tyres is being utilised.

Last year the Semperit group (including its subsidiary at Dublin) had a turnover of Sch. 7.3bn. (£190m.). The tyre sector accounts for 58 per cent. of the turnover but it is hoped that future diversification will reduce this proportion. Turnover last year was up by 20 per cent. but two-thirds of the increase stemmed from inflation.

Tirfing spells out the results

BY JOHN WALKER

STOCKHOLM, June 23.

TIRFING, THE parent company of the Brostrom shipping and shipbuilding concern, says in the annual report for 1974 that losses amounted to Kr.36m. on a group turnover of Kr.2.6bn. (£290m.), compared with a turnover of Kr.2.3bn. in 1973.

The profit, after depreciation, on shipping and other items amounted to Kr.203m. (£22m.) compared with Kr.105m. in 1973. The Eriksberg shipyard showed a loss of Kr.72m. (£8m.) in 1974 compared with just break even in the previous year.

Profits on shipping and other operations (after provisions) rose to Kr.159m. (£18m.) compared with Kr.84m. in 1973, while the Eriksberg shipyard showed a loss of Kr.134m. (£15m.) compared with a loss of Kr.23m. in 1973. The State is expected to take over the loss-making Eriksberg shipyard following a State-appointed commission's investigation and report into the company's affairs. Reduced interest rates and foreign exchange losses on fixed price contracts were the principal reason for these losses.

It is likely, the company says, that there will be profits during 1975 if the market allows the planned sale of ships to be carried out. But with ships laid up and the freight market depressed the outlook is not bright.

Epirotiki negotiating for Italian passenger ships

BY OUR OWN CORRESPONDENT

ATHENS, June 23.

EPIROTIKI LINES, oldest and largest of the Greek flag cruise fleet owner-operators, has announced it is starting negotiations to take over part of the Italian Government passenger fleet which has been scheduled for mothballing.

Plagued with increasing losses in operation, the Italian government has finalised plans to withdraw the majority of its passenger vessels from various services and concentrate in the future on cargo operations. These concern ships of Lloyd Trestino, Adriatica and Italian Lines, all owned by the government.

Mr. Connie Soloyanis, public relations director of the Pireaus-based Epirotiki Lines, made an initial investigation during a recent trip to Rome. Based on his reports, Mr. Andreas Potamianos, vice-president of Epirotiki, is now planning to visit officials sometime next month with several options to offer.

The Italian government has made known it's interest in any plans which would keep any—or all — of its vessels operating, primarily to provide employment for the crews.

One arrangement reportedly under consideration is for the recently - formed Cooperativ Marinara to take over a two-year operation of the Michaelangelo and Raffael6 in Mediterranean cruises. If this scheme works out, some 1,500 seamen would be assured employment.

Among the services to be terminated are those linking Italy with South America, Australia, South Africa and cruises to Greece and Israel.

The vessels affected include the Marconi, Gallileo, Africa, Europa, Asia, Christophoro Columbo, Augustus, Ausonia, Victoria, Enotria, Messapia, San Giorgio, San Marco and the Illiria.

The cargo ships Bermia, Brennero and Stelvio will continue their limited cruise offerings. Each of these vessels has accommodation for an average of 50 passengers.

Generous payout by Hansa Line

BY GUY HAWTIN

FRANKFURT, June 23.

HANSA LINE (or to give its full, awe-inspiring title, Deutsche Dampfschiffahts - Gesellschaft "Hansa") is to pay a 1974 dividend of 14 per cent.—the highest of any West German shipping company.

Shareholders are to receive DM7 per DM50 nominal share, which represents a very substantial increase in 1973's 9 per cent. or DM4.5 per share. The rise follows a handsome improvement in both turnover and profits achieved in a healthier freight market.

Turnover has almost doubled since 1972, while net profits have soared. In 1974 turnover totalled DM484.1m., 96 per cent. more than 1972's DM246m. Net profits have gone up from 1972's DM2.7m. to DM10.5m.

Cargo volumes have not greatly increased on the 1973 level. They from 1.3 tonnes to 1.6 tonnes. Earnings, however, have shown a considerable improvement, particularly to Middle East ports. Here the line seems to have benefitted from West German's rapidly expanding trade with the Arab oil producers.

Operating costs have tended to keep pace with, if not exceeded the rates of turnover growth. Between 1972 and 1974, costs, including bunkering oil, personnel and time charter costs, have risen from DM148.6m. to DM315m.

Despite the concern's interest in Middle East work, it is wary about the reopening of the Suez Canal. At one time it averaged 200 passages through the Canal a year but the management states that the high rise in costs could make it less attractive.

According to their figures, Canal dues had risen by 250 per cent. since 1967. A 12,000-tonner would in 1975 pay $17,500 in dues compared with $8,000 in 1967. Insurance premiums for the vessels had also risen substantially.

Bekaert, Arbed Brazil plans

By David Curry

BRUSSELS, June 23.

THE BELGIAN wire producer, Bekaert and the Luxembourg steel concern Arbed are participating in a joint venture with a local company to build a plant in Brazil to manufacture steelcord to reinforce radial tyres and steel wire for high pressure hoses.

Belgo-Mineira-Bekaert will be based in Belo-Horizonte and will be owned 51 per cent. by Companhia Siderurgica Belgo-Mineira, 40 per cent. by Bekaert and the remaining 9 per cent. by Arbed.

The investment reflects the growing importance of the motor industry in Brazil which has a fairly steady record of 15 to 20 per cent. annual growth. Bekaert estimates last year's production of cars at around 750,000. Production should begin in 1977.

U.S. corporate profits down about a third

WASHINGTON, June 23.

AVERAGE NET profits for more than 12,000 American Corporations dropped by nearly one-third during the first quarter of 1975, according to the Federal Trade Commission.

After-tax profits of manufacturing companies totalled $9.3bn. —down $4.1bn. from the preceding quarter. Mining company profits fell to $773m. (a fall of $90m.) and wholesale corporation profits were $2.2bn. down at $600m.

The FTC report said that manufacturers' after-tax profits averaged 3.7 per cent. of sales, a sharp drop from the average 4.6 per cent. in the last quarter of 1974 and 5.6 per cent. in the first quarter a year ago.
AP-DJ

Takeda Chemicals experiencing fall-off in margins

OSAKA, June 23.

TAKEDA CHEMICALS, a diversified pharmaceutical concern, is experiencing a decline in its profit margins because of higher costs in a number of areas. Takashi Kiyama, director, indicated in an interview that net profits are likely to fall to around 3.9 per cent. of sales in the half year ending September from 4.2 per cent. in the March session. Takeda's margins peaked at 8 per cent. of sales in the first half of 1970.

Despite the deterioration in margins, Kiyama said that research and development spending will continue to run at around 5-6 per cent. of sales, and these are rising. Japan's 100 per cent. liberalisation of foreign capital investment in the domestic pharmaceutical industry makes it more necessary for Japanese firms to develop their own products rather than to rely on imported know-how, he said.

Kiyama said that Takeda's profit in the September quarter is expected to level off from the Y5.71bn. reported for March. That would be an improvement on the Y4.76bn. earned a year earlier.

Sales are expected to rise to around Y145bn. in September from Y130.13bn. in March and from Y133.86bn. a year earlier.

Kiyama cited higher labour, raw materials, distribution and debt servicing costs for the company's relatively poor profitability; he noted, however, that wage increases were held to around 15 per cent. this year against 30.6 per cent. in 1974.

The company's sales downturn in the March quarter was attributed to lower demand for foodstuffs and chemicals, which account for 18.3 per cent. and 10 per cent. of sales, respectively. Pharmaceuticals account for 57.4 per cent. of sales, insecticides for 11.2 per cent. and other products for 3.1 per cent.

Kiyama also noted that the increase in net profits for the March quarter stemmed from a liquidation of special reserves resulting from a change in the company's accounting to a full-year basis ending in March. Operating results fell 12 per cent. in the same period. Despite the accounting change, however, Takeda will continue to pay dividends every six months.

Kiyama cited expectation of a sharp increase in demand for food products in the September quarter for the higher sales estimate. He also said turnover in most other sectors is likely to improve. Takeda is planning to introduce a new processed food product this summer, but he declined to give any details.
AP/DJ

Shiseido meets forecast

SHISEIDO has declared a net profit of Y3.4bn. (Y3.3bn. a year earlier). Sales were Y97.8bn. compared with Y83.325bn. The interim dividend of Y6.25 per share is unchanged from a year earlier.

Shiseido is a major cosmetic manufacturer. Officials attributed the higher profit to good sales in higher priced cosmetics. The company is forecasting net profits of Y3.5bn. for the six months ending November 30, up from Y3.041bn. a year earlier. Sales for the November half are estimated at Y103bn. up from Y88.405bn. a year earlier.

Shiseido also plans to distribute a 50 per cent. rights issue to shareholders. Shareholders will be given the right to purchase one new share for every two shares held. The offer price is Y50 (par value) per share.
AP/DJ

Company Results

Hudson's Bay raises dividend

● Hudson's Bay Oil and Gas has declared a 30 per cent. share dividend for the second quarter of 1975. This represents a 5 per cent. share increase over the previous dividend.

● Southern African Board Mills operating profit before tax fell to R2.88m. from R3.27m. for the year to April 30. The surplus on sales of fixed assets and investments was R213,000 (R100,000). Net consolidated income of the group was down at R1.94m. (R2.34m.). No final dividend is being paid (6 cents) as already announced. The Board states that due to the severe decline in world paper and board markets the paperboard mills are operating at much reduced capacities and the prospects for the current financial year are poor.

● Alaska Airlines, Inc., achieved a net income of $437,969 for May 1975, compared to $95,886 for May 1974. Net income in the first five months of 1975 was $598,923 compared to a loss of $301,312 in the same period last year.

The airline flew 49,976,000 revenue passenger miles in May 1975, a 37 per cent. increase over May 1974. The continued improvement in earnings in May was partially attributable to the sharp increase in load factor, resulting from expanding North Slope pipeline-oriented traffic. In April 1975, Alaska Airlines led the entire domestic airline industry for percentage increase in revenue passenger miles with a 49 per cent. increase.

● Same, an Italian manufacturer of tractors, announced sales totalled 16,000 units valued at L55bn. in 1974. The increase in value was 30 per cent. from the year before. About a half of its sales, was exports. It also disclosed that sales of its subsidiary, Lamborghini Motori, also making tractors, totalled L14.6bn. last year. No comparative figure is available, as Same took over Lamborghini in late 1973.

A U.S. subsidiary, Same and Lamborghini Tractors of North America has been established in New York, in an effort to improve sales on the U.S. market. A spokesman pointed out that increased exports were essential for the company, as the margin of profits on the domestic market was expected to be at a standstill this year. But he pointed out that the company expected tough competition in the U.S.

Same and Lamborghini jointly have a 22 per cent. share of the Italian market for tractors, which is dominated by Fiat, with 40 per cent.

● Italgas posted a loss of L3.2bn. for 1974, sharply improved from a loss of L431m. the year before. The Board of directors blamed frozen tariffs for gas and growing manpower costs for the deficit.

● Europa-Valor, the European security investment fund affiliated to Swiss Credit Bank (Credit Suisse) is to pay an unchanged dividend of Sw.Frs.5 for the year ended April 30 from almost unaltered net profits of Sw.Frs.2.12m. (Sw.Frs.2.18m.). Fund holdings dropped from Sw.Frs.57.2m. to Sw.Frs.52.8m. over the year and the number of certificates in circulation fell by 5 per cent. to 423,273. Another Credit Suisse fund, the Swiss-share fund Schweizeraktien, also booked a nearly unchanged profit of Sw.Frs.3.18m. and is to pay a dividend of Sw.Frs.7.50, the previous year's Sw.Frs.7.90 payment included an additional dividend. Fund holdings dropped to Sw.Frs.90.6m. (Sw.Frs.103.6m.) and the number of certificates in circulation declined 1.5 per cent. to 394,620.

● Natomas said it expects to report second quarter earnings of about 95 cents a share compared with $1.41 for the first quarter and $2.79 for the same period in 1974. The company said per share earnings reflect the three-for-two stock split in May.

It said the decline is principally due to the curtailment of the company's Indonesian crude oil production resulting from delays by its customers and partners in taking deliveries.

The company said it cannot predict when crude oil deliveries will improve but it believes the situation is short-term and its accelerating plans to increase productive capacity off the coast of Indonesia.

Air Liquide capital rise

PARIS, June 23.

THE BOARD of Societe L'Air Liquide, major industrial gas producer, has decided to raise the company's capital by Frs.48.126m. to Frs.529.389.630 by issuing free shares on the basis of one new share for every 10 held. The new issues will be eligible for dividend payment as of January 1, 1975.

As previously reported, Air Liquide had a net profit of Frs.147.16m. in 1974, compared with Frs.122.701m. a year before. The company paid a net dividend of Frs.11 last year against Frs.10.50 per 1973.

Meanwhile, the annual meeting of Dollfus-Mieg approved the one-for-40 free share issue proposed by the Board and authorised it to raise Frs.250m. over the next five years by bond issues, company officials said. They added that the first Frs.100m. can be expected to be raised soon depending on the state of the money market.

Chairman Jacques Biosse Duplan told shareholders consolidated turnover for the first four months of 1975 is Frs.703m., 3.8 per cent. down on the same period last year, reflecting a fall in sales volume.
Reuter/AP-DJ

Other News

Kraftwerk and VDM nuclear unit

● Kraftwerk Union and the Metallgesellschaft unit Vereinigte Deutsche Metallwerke (VDM) have founded NRG Nuklearrohr-Gesellschaft, based at Duisburg. Each will have a half share of its DM2.7m. basic capital to join forces in producing encasement tubes for nuclear elements for atomic power stations.

● Societe Pierrefitte - Auby, chemical and pharmaceutical concern, is to seek shareholder approval on June 30 to increase its capital in one or more stages to a maximum of Frs.337.48m. from Frs.168m.

● Saint-Gobain Industries SA proposes to increase its capital to Frs.1.04bn. from 886m. by issuing 10 new Frs.100 shares for every 59 existing ones (to be valid for dividend from July 1, 1975). The proposal will be submitted to shareholders.

● KNSM Group said its earlier announced subordinated convertible debentures loan will amount to Fls.17.8m. with an 8¾ per cent. coupon and a 15-year life, and be issued on a one-for-two basis.

Conversion will be from January 1, 1977, on the basis of one nominal Fls.1,000 debenture plus Fls.450 in cash for a nominal Fls.1,000 of share certificates. The conversion rate will be 150 per cent. from January 1, 1978.

● NV Verenigde Bezit van Aandelen Verenigde Nederlandse Uitgevers Bedrijven will float an 8¾ per cent. 15-year loan of Fls.50m. at a price to be set on June 26, the issuing consortium said.

Lists open on June 30. Payment date is July 15.

● The Belgian road construction financing organisation, Fond des Routes, is issuing a B.Frs.25bn. eight-year 8.25 per cent. loan at par, according to the Finance Ministry. Subscriptions open on June 23 and close on July 8.

● Nederlandsche Middenstandsbank plans to float a 8½ per cent. Fls.50m. 20-year loan at par. The lists open on June 27, and payments will have to be made by July 15.

● The U.S. concern Huyck Corporation has taken over the Sch.19m. (£500,000) capital of the leading Austrian felt producer, Fezfabriken. The Austrian company last year had a turnover of Sch.258m. and a production staff of 650.

About 75 per cent. of the capital was held by the Creditanstalt Bankverein.

● Siemens has bought 6 per cent. of the Y2bn. capital of Fujitsui Holding Company's data control unit Fuhitsu Fanuc (Tokyo) for an undisclosed sum.

Siemens and Fanuc will now increase the data control co-operation they have been carrying out for 10 years. Fuji Electric of Tokyo has also bought a 6 per cent. Fanuc stake.

● Kubota plans to set up a Canadian sales subsidiary in Toronto jointly with Marubeni Corp. of Japan to expand exports of its farm tractors to North America.

The new company, to be named Canada Kubota Tractor Sales, will be established by August with capital of $300,000 with Kubota contributing 60 per cent. and Marubeni 40 per cent.

Kubota now exports tractors to Canada at an annual rate of 500 to 600 units and hopes to increase this to about 1,000 units a year in one or two years.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Amax 8½pc 1986	98½	99½
Ashland 8pc 1987	91	92
Australwiss 8pc 1987	89½	90½
BFCE 9pc 1980	97½	98½
Borregaard 8½pc 1989	96	97
Carrier 8pc 1987	89½	90½
Conoco 8pc 1986	95½	96½
Consd. Foods 7½pc 1991	86½	87½
Cutler Hammer 8pc 1987	91	92
EIB 9½pc 1983	100½	101½
Esso 8pc 1986 Nov.	97½	98½
General Cable 8½pc 1987	88½	89½
General Motors 8½pc 1986	101½	102½
GTE 8½pc 1986	96½	97½
ICI 7½pc 1992	77	79
Nat. Grindlays 7½pc 1987	77	79
Pacific Light 8pc 1986	90½	91½
Prov. of Quebec 7½pc 1986	88	89
Quebec Hydro 8½pc 1989	97	98
Queensland 8½pc 1987	88	89
Scanraff 8½pc 1986	95	96
Shell 8pc 1986	96	97
Stand. Oil (Ind.) 8½pc 1988	99	100
Tenneco 7½pc 1987	86½	87½
Transocean 8pc 1986	97½	98½
TRW 8½pc 1986	95	96
Utah 8pc 1987	91½	92½
Volvo 9½pc 1985	99	100
NOTES		
Air France 9¼pc 1982	101½	102½
Aust. Ind. Dev. 10¼pc 1981	103	104
Barclays 7½pc 1978	97	99
Cie Nat. du Rhone 10pc '82	102½	103½
Du Pont 7½pc 1978	101	102
Esso 7½pc 1976	100	101
General Motors 8½pc 1976	100½	101½
Marubeni 9½pc 1982	101	102
Nippon Fudosan 10½pc 1981	103	104
Skand. Enskilda 10¼pc '81	103	104
Tenneco 7½pc 1979	97½	98½
Tokyo Curacao 10½pc 1981	103	104
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	88	92
Ashland 5pc 1988	81	83
Beatrice Foods 4½pc 1992	95	97
Beatrice Foods 4½pc 1992	101	103
Borden 5pc 1992	88	91
Broadway Hale 4½pc 1987	71½	73½
Canon Camera 7½pc 1988	91	93
Carnation 4pc 1987	87	89
Chevron 5pc 1988	101	103
Dart 4½pc 1987	89	91
Eastman Kodak 4½pc 1988	115	117
Economic Labs. 4½pc 1987	85	87
Eidal 7½pc 1989	98	100
Ford 6pc 1986	82	84
Ford 5pc 1988	74	76
Fuji 6½pc 1985	106	
General Electric 4¼pc 1987	84	86
Gillette 4½pc 1987	79½	81½
Gould 5pc 1987	81	83
Halliburton 4¼pc 1987	132	134
Harris 5pc 1992	66	68
Hitachi 6½pc 1984	103	105
Honeywell 6pc 1986	77	79
ITT 4½pc 1987	65	67
Komatsu 5½pc 1984	172	
J. Ray McDermott 4¼pc '87	145	147
Mitsui 8½pc 1989	146	
J. P. Morgan 4½pc 1987	129	131
Motorola 4½pc 1983	118	
Owens Illinois 4½pc 1987	84	86
J. C. Penney 4½pc 1987	82	84
Pioneer 6½pc 1988	135	140
Rand Selection 6½pc 1986	101	105
Rank 4½pc 1993	43	45
Revlon 4½pc 1987	99	101
Sperry Rand 4½pc 1987	96	98
Squibb 4½pc 1987	84	86
Toshiba 6½pc 1985	123	
Union Carbide 4½pc 1982	107	109
Warner Lambert 4½pc 1987	91	93
Warner Lambert 4½pc 1988	81	83
Xerox 5pc 1988	76	78

Source: Kidder, Peabody Securities.

APPOINTMENTS

PERSONAL

YACHTS AND POWERCRAFT

CONTRACTS AND TENDERS

COMPANY NOTICES

GOURMET

CORPORATION LOANS

LEGAL NOTICES

PLANT & MACHINERY

Appeal for investment in London

By Eric Short

MR. ILLTYD HARRINGTON, deputy GLC leader, speaking to *prominent businessmen at the* World Traders' Club yesterday, called on business and Government in the metropolis to "give a positive commitment to the Greater London area."

He said over the years countless millions had been invested in buildings, roads, rail networks, *public utilities and the like* throughout London, and these could not be wasted or under-used. "A timely injection of national resources now will *strengthen London's ability to* serve the nation. This is not a question of passing round the hat. It is a matter of investing in the future prosperity of the *nation.*

"London's wealth, in practice, *has long assisted other areas of* the country which have not had our wealth-generating capacity. It is really important that this should be remembered when *London seeks the Government's* assistance in tackling some of the problems that are now troubling us."

Mr. Harrington went on: "There has been a marked fall in employment in London. *Between 1961 and 1973 manufac*turing employment fell by some 46,000 — almost one-third. It has been counter-balanced to some extent by an increase of 313,000 employed in what we *might* call the growth services.

"Concern at County Hall about the well-being of industry in London is a matter on which both parties are united and so, too, are the London MPs.

"The *GLC* has defined the problems," he said. "We need the collaboration of all sides of trade, industry and commerce to help us to isolate the problems *and test the feasibility of solu*tions. We are therefore hoping to strengthen our links with the Confederation of British Industry, with the Trades Union Congress, with chambers of commerce and trade associations, and individual *companies*."

S. & N. BEER COSTS MORE

Scottish and Newcastle Breweries yesterday put up draught and keg beer prices in 550 managed houses by between ½p and 1½p a pint. The increase, *the third in three months, follows* a successful application to the Price Commission.

The company blames continued increases in labour costs, fuel, power and other services, plus a substantial increase in rates. The *company's bottled Newcastle* Brown remains unchanged in price, but McEwan's Export goes up by ½p.

WIMBLEDON TENNIS BY JOHN BARRETT

Bad weather mars the day

WONDERFUL WIMBLEDON was rechristened Washout Wimbledon to-day, for after only 35 minutes of play a steady drizzle ended hopes of play until early evening.

On the Centre Court only 27 minutes of play were possible before the defending champion and No. 1 seed, *Jimmy Connors*, and his young British opponent, John Lloyd were sent scurrying for cover.

Fourteen of the 15 courts used in the world's premier event were rapidly covered and sadly *we soon witnessed the familiar*

John Lloyd, the British player acquitted himself well before the rain stopped the proceedings.

sight of the tarpaulins on the Centre Court being hoisted to form the familiar tent.

On both the Centre Court and the adjoining No. 1 Court there was a moment of light relief before proceedings could begin, when the umpires' microphones failed to function. It was not *long before Connors, the undis*puted world's No. 1, began his defence again Lloyd.

The American, of course, is no stranger to this packed Centre Court though the lush turf, as always on the opening ball makes the ball skid through low and unlike the more regular bounce he *experienced in last year's final* when he crushed the evergreen Australian, Ken Rosewall.

By contrast this was Lloyd's first singles appearance there, and in the six games they played he *acquitted himself well.* Uncharacteristically on such a fast surface, there were several baseline rallies of the highest class, with Lloyd winning more than his share.

However, even this first limited glimpse of the champion revealed the power and control *which make him such a difficult* opponent. One passing shot in *particular, hit as he dived away* to his left under severe pressure, left Lloyd grinning in admiration.

Meanwhile, a former champion was battling against the years on Court 1. Neale Fraser, champion *here in 1960, faced the New* Zealand No. 1, Onny Parun, seeded No. 15 and twice a quarter-finalist here. Parun led 6—3 on the merits of his workmanlike volleying game that makes the most of a limited talent. *Although at first Fraser* held his serve more easily, it was Parun who finally broke with two excellent backhand passes.

Fraser, the current Australian Davis Cup captain, is one of the *eight players placed in the draw* at the discretion of the tournament committee as a "wild card," a distinction which surprised him when I broke the *news to him on his arrival in* Britain 10 days ago.

Ironically, the event in which he expected to participate, the men's doubles, did not contain his name because his intended partner, another past champion, *Lew Hoad, had failed to lodge* his entry in time.

Two *other seeds in evidence* were the dynamic young Swede, Bjorn Borg, seeded No. 3, who was inevitably a focus of attention for a horde of young *spectators on Court 2, where he* led 6—2, 2—1, against Jorge Andrew, of Venezuela, and the 20-year-old American, Vitas Gerulaitis, the 14th seed.

This young man, who so much resembles Borg with flowing *blond mane, led Australia's Ray* Ruffels 6—3, 0—1, when they were forced to *stop. Gerulaitis* has won most of the junior titles on offer in America in his time, and though little known in Britain, he has recently attained *a maturity which won him the* Vienna Open last November and *then took him unexpectedly to* the final of the prestigious U.S. Professional Indoor Championship at the beginning of the WCT tour in January.

Five Britons were involved in this first round of matches. Richard *Lewis (another "wild* card," incidentally) who is nationally ranked at No. 6, was engaged against one of the most dangerous floaters in the draw, America's 14th-ranked Brian Gottfried, and trails 3-5.

Martin Robinson, ranked 7th, *is even at five games all against* the impressive young Hungarian, Balocrs Taroczy. John Paish, ranked 11, leads America's Jeff Austin 6—4, and in an all-British *encounter, way out on Court 13,* Graham Stilwell, ranked 15 *nationally, has won the opening* set 6—3 from Gerald Battrick.

Apart from Lewis, all these Britons came through the ordeal of the qualifying competition, and with normal luck, not to mention considerable skill, three may survive.

It was tragic, after the recent sunshine that Wimbledon '75 should have been so harshly

Champion Jimmy Connors of the U.S. showed early *glimpses of his power and* control.

treated on this opening day. Besides posing a nightmare for the referee, Captain Mike Gibson, it denied 23,667 paying customers *the rich feast of tennis they came* to see.

This attendance was reached by 4.30 p.m., so that last year's total first day attendance of 24,816 would easily have been beaten by the hordes of eager *fans who always rush from their* offices after 5 p.m.

Tennis phone-in

Information about Wimbledon fortnight is again available by phone. *In the London 01- area* simply dial 483. Elsewhere, the number to dial is 01-483 8033.

On each day of play details of the day's matches and the weather forecast will be avail*able from 8 a.m. At 2 p.m. this* will be up-dated with any further *news and the latest weather fore*cast. From 2.30 p.m. there will be detailed results, up-dated at least every half hour until the close of play, when there will be a summary of the day's results.

ENTERTAINMENT GUIDE

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Up 9 to highest level for 13 months

BY OUR WALL STREET CORRESPONDENT

NEW YORK, June 23

THE UPWARD movement continued on Wall Street to-day, encouraged from a comment over the weekend b yAdministration Econnmist Alan Greenspan that the U.S. recession is almost over.

After reacting 4.85 to 850.39 in the first hour, the Dow Jones Industrial Average moved ahead to 864.43, for a net rise of 9.39 on the day and at its highest level in more than 13 months. The NYSE All Common Index added 35 cents at $49.94, while advances led declines by 982-to-470. Turnover, however, dropped by 5.54m. shares to 20.72m.

Alan Greenspan, ho heads President Ford's Council of Economic Advisers, said in a TV interview that while the economy had not yet started into an upswing that was the area to which it is basically moving. There was a 50-50 chance that the jobless rate may have peaked in May, when it stood at 9.2 per cent., he said.

The early market loss was attributed to the Federal Reserve action on Friday to prop up interest rates following a recent broad expansion in the U.S. money supply. Investors were wary that tigther Federal monetary policy would inhibit the expected second half economic recovery.

Coal issues were among the best performers. Federal Energy Administrator Zarb said the agency expects to order 31 U.S. power-generating plants this month to start burning coal in place of oil or natural gas. Conversion of the plants would represent an annual coal usage of about 19m. tons.

Pittston gained $5 to $73¾ while North American Coal picked up $1¾ to $43.

Kennecott tacked on $1 at $39¾ — it reported another potential buyer of Peabody Coal, which it plans to divest.

Avery Products fell $1½ to $30 on lower earnings estimates.

Du Pont gained $3 to $126½, IBM $6¾ to $213.

Fluor spurted ahead $3½ to $44½ on a $750m. contract to build an Iranian refinery.

Heavily traded Congoleum lost $¾ to $8¾ on 220,200 shares — it will appeal to the U.S. Circuit Court of Appeals over a consumer product safety commission ruling.

Republic Steel climbed $1¾-$32¾.

Oils were mixed. Standard of Ohio were down $1½ to $72½.

Teledyne gained another $2¾ to $23¾.

Lomas and Nettleton slipped $¾ to $15¾, but Dial Financial tacked on $¾ at $10.

The American S.E. Market Value Index moved up 0.38 to 91.44, with advances outnumbering declines by 390 to 276. Bluebird, the most active issue, rose $1½ to $2¾ on 205,700 shares, including a block transaction of 159,500.

Also active were Syntex, up $2 to $41¾, Sambo's Restaurants, up $¾ to $19¼, and Atlas Warrants, up $¼ to $1¾.

OTHER MARKETS

Canada again mixed

Canadian Stock Markets remained mixed in light trading yesterday.

The Industrial Share Index shed 0.37 to 187.59. Banks lost 1.45 to 267.60 and Utilities eased 0.29 to 129.28, bu tGolds put on 2.64 to 405.46. Base Metals firmed 0.55 to 73.65, Western Oils gained 0.81 to 195.54 and Papers stiffened 0.80 to 110.79.

Kenting picked up $1¾ to $8¼ on the Federal Budget measures to encourage oil and gas exploration.

BRUSSELS—Mixed in calm trading.

Gains predominated in Steels, with Hainaut-Sambre up B.Frs.40 to 2,400 and Arbed up B.Frs.55 to 4,175. In easier Metals, Union Miniere slipped B.Frs.22 to 1,362.

Among firm Chemicals, Solvay climbed B.Frs.50 to 2,770. Oils eased. Electricals and Utilities were narrowly mixed.

U.S. shares finished mixed. Boeing were up B.Frs.8 to 1,058, General Motors B.Frs.10 to 1,675, and Union Carbide B.Frs.40 to 2,200, but ITT were off B.Frs.12 to 874, Westinghouse shed B.Frs.8 to 664 and IBM lost B.Frs.90 to 7,670.

AMSTERDAM—Market continued quietly mixed, with declines in Dutch Internationals led by Royal Dutch, off Fls.0.9 at Fls.89.7.

With a firmer undertone in Local issues, gains were led by CSM, Giessen, Nationale Nederlanden, Fokker and AMEV.

Banks and Shippings gave ground, while Insurances were mixed.

State Loans weakened.

OSLO — Industrials were steadier, Shippings firm, while Banks and Insurances were quiet.

VIENNA—Mixed in moderate trading. Banks and Industrials were steady.

COPENHAGEN — Banks, Shippings and Industrials were lower, but Commodities were higher.

GERMANY — Mixed to firmer close after the initial upward trend faltered on lack of follow-up orders and also some profit-taking.

In Motors VW lost DM2.80, and BASF fell DM1.80 in Chemicals. AEG gave way DM1.5 in Electricals following Friday's announcement of a capital rise and also ahead of yesterday's annual Press conference.

SWITZERLAND — Swiss issues remained mixed in average trading.

Banks were steady. Financials, Insurances and Industrials were mixed, while Chemicals declined. Elektrowatt slipped Frs.35 to 1,930, but Landis Gyr jumped Frs.40 to 620.

State Bonds eased.

In a moderately active Foreign sector, Dollar stocks moved irregularly higher, Dutch issues fluctuated slightly, while Germans were generally barely steady.

MILAN — Sharply lower on general political and economic uncertainty.

All leading Industrials showed substantial losses.

Insurances, Financials and Banks all followed the downward trend.

Generale Immobiliare, for the first time, closed under its face value of L250, at 248.50.

Bonds also eased.

AUSTRALIA—Leading Industrials and Minings lower in lacklustre trading.

Golds eased on the lower bullion price. Pancontinental fell 11 cents to $A3.35 and Poseidon shed 10 cents to $A3.50.

HONG KONG—Generally firm, although turnover was still relatively low. Investors were generally encouraged by the fact the threatened U.K. rail strike has been called off and also by the announcement late Friday from Wheelock Marden that it does not plan to raise cash by means of a Debenture issue.

Wheelock Marden put on 20 cents to $HK3.90.

TOKYO — Generally higher, reflecting the recent advance on Wall Street. Volume 120m. shares.

But the high level of buying commitments "on margin" caused some apprehension in late trading.

JOHANNESBURG—Gold shares were marginally higher in a moderate turnover. Gains in "medium priced" shares were around 15 to 20 cents, while "marginal" and "speculatives" were 5 to 10 cents up. "Heavyweights" were little tested but up to R1 harder, where changed.

Indices

NEW YORK

U.S. STOCK INDICES STANDARD AND POORS

June	*Industrials	†Composite
23	104.88	93.62
20	103.70	92.61
19	103.04	90.01
18	101.30	90.50
17	101.58	90.56
16	102.63	91.46
13	101.35	90.52
12	101.06	90.08

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	June 19	June 12	June 5
On Dividends	7.35	7.11	7.02
On Earnings	14.15	13.67	13.49

SYDNEY ALL ORD. INDEX

TOKYO NEW SE INDEX

HONG KONG INDEX

SINGAPORE INDEX

EUROPE

TORONTO

MONTREAL

JOHANNESBURG

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY ◆

June 23	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	71.5	—1.5	—	—
Allianz Versich.	455	—2	17	2.0
B.M.W.	242	—1	14	3.1
BASF	130xd	—1.8	17	6.5
Bayer	118.1	—0.4	17	6.8
Bayer Hypo	303	+1	18	2.9
Bayer Vereinsbk.	323	+1.5	18	2.5
Commerzbank	200.4	+1.4	17	4.2
Contl. Gummi	72	—1	—	—
Daimler	289	—2	15	2.7
Degussa	235.5	+0.5	18	3.8
Demag	198.2	+0.2	16	4.0
Deutsche Bank	289.2xa	+0.1	20	3.5
Dresdner	228.5	+3.0	18	3.9
Dyckerhoff Zem't	173		14	4.0
Gelsenberg	70	—3	8	5.7
Gutehoffnung	162	+3.5	14	4.3

AMSTERDAM

AUSTRALIA

VIENNA

JOHANNESBURG

PARIS

TOKYO ¶

BRUSSELS

MILAN

STOCKHOLM

SWITZERLAND ◆

OSLO ◆

COPENHAGEN

SPAIN ♥

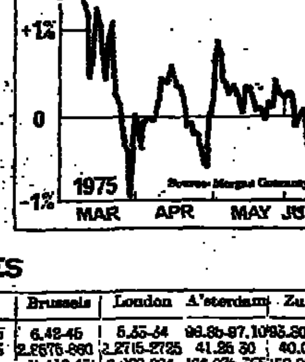
Slight £ gain

Sterling made a slight gain in terms of major currencies in general in the foreign exchange market yesterday—against the background of the unsettled U.K. economic outlook—with its trade-weighted average depreciation against ten units since the Washington Currency Agreement of December, 1971 (as measured by the Bank of England) narrowing on balance to 26.2 per cent., from Friday evening's 26.3 per cent. The weighted loss reached 26.1 per cent. in early dealings, but was at 26.3 per cent. at noon. In terms of the U.S. dollar, the pound fell 20 points on balance to $2.2715-2.2725—opening at $2.2740-2.2750 and moving over the day in a fairly narrow range (by recent standards, touching $2.2750-2.2760 in early dealings), but falling to $2.2715-2.2720 by about mid-day, and touching $2.2700-2.2715 at the day's lowest in the afternoon. Business was moderate. The discount on sterling for delivery in three months, against the dollar, narrowed to 2.30c., from Friday's 2.52c., with shorter-term interest rates in the London money market and in the Eurodollar market tending to rise.

The dollar's weighted average fall against 14 currencies since the Washington Agreement (as calculated on noon rates in New York by Morgan Guaranty) narrowed on to 6.57 per cent., from 6.73 per cent., while sterling's depreciation on a similar basis narrowed to 32.05 per cent., from 32.15 per cent. Most major units showed little change on a weighted basis, but the French franc strengthened a little further on top of its recent gains, with its weighted appreciation on the Morgan Guaranty 14-currency post - Washington measurement widening to 7.38 per cent., from 7.37 per cent. The Japanese yen renewed its downtrend, reaching on a similar basis a depreciation of 0.70 per cent., against 0.56 per cent. on Friday, so coming close to the near-three-month low of 0.72 per cent. touched last week.

Gold was reduced $¾ an ounce on balance in London to $161¾-162¾, in moderate business.

The Krugerrand recovered a little of the ground lost recently in relation to gold bullion, in domestic business, with the premium over its gold content ending in places at 10½ per cent., against Friday's 10⅞ per cent.



EXCHANGE CROSS-RATES

June 23	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankft'	—	2.344-346	58.50-75	6.42-45	5.55-64	96.85-97.10	93.80-94.05
N. York	42.62-65	—	25.00-05	2.8576-860	2.2715-2725	41.26 30	40.04-07
Paris	170.40-80	3.991-001	—	11.410-456	9.069-094	164.976-375	159.925-325
Brussels	14.92-95	34.98-35.05	8.74-78	—	79.44-64	14.48-51	14.00-14.06
London	5.32¾-33¼	2.2715-25	9.02-09	79.45-65	—	5.50-51	5.67-68
Am'erdam	103.165-205	2.4167-92	60.495-545	6.912-76	6.42¾-48¼	—	96.905-955
Zurich	106.42-54	2.4975-85	62.44-55	7.1325-1425	5.671-676	103.19-28	—

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

	June 23 1975	June 20 1975
Gold bullion (a fine ounce)		
Close	$161¾-162¾	$162¼-163¼
Opening	$162¼-163¼	$162½-163½
Morning fix'g	$162.50 (£71.444)	$162.50 (£71.501)
Afternoon fix'g	$162.40 (£71.473)	$162.60 (£71.610)
Gold coins (domestically)		
Krugerrand	$179-181 (£78¾-79¾)	$179-181 (£78¾-79¾)
New sov'r'gns	$53½-55½ (£23½-24½)	$54-56 (£23¾-24¾)
Old sov'r'gns	$53½-55½ (£20½-24½)	$54-56 (£23¾-24¾)
Gold coins (int'n'l'y)		
Krugerrand	$166½-168½ (£73¼-74¼)	$167-169 (£73½-74½)
New sov'r'gns	$49¾-50¾ (£21¾-22¼)	$50-51 (£22-22½)
Old Sov'r'gns	$49¾-50¾ (£21¾-22¼)	$50-51 (£22-22½)
$20 Eagles	$240-245	$240-245
$10 Eagles	$115-120	$115-120
$5 Eagles	$85-90	$85-90

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

FARMING AND RAW MATERIALS

New bid to protect whales

By Our Commodities Staff

SEVERAL COUNTRIES supported a call for strict international action to protect whale species threatened with extinction made at the 15-nation International Whaling Commission's annual conference in London yesterday.

U.S. delegate, Mr. Robert M. White, reiterated U.S. demands for a 10-year moratorium on all commercial whaling, reports UPI.

The Commission last year rejected the U.S. proposal, mainly because of Soviet and Japanese opposition. Instead, it adopted an Australian compromise plan calling for "selective moratoriums" on hunting whale species which fall below pre-agreed levels.

Delegates from Britain, Canada, Australia and Mexico all supported the American stand yesterday.

Soviet delegate Mr. I. V. Nikoronov said the Soviet Union had reduced its whaling considerably in recent years.

Japan's Mr. Iwao Fujita complained that Japan and the Soviet Union had to take the brunt of the new conservation measures.

It would not be an easy task for Japan, he said, because whale meat furnished an important part of its national diet.

Brazil export price cut hits coffee market

BY RICHARD MOONEY

NEWS THAT Brazil had cut minimum export prices and the contribution quota (export tax) on coffee dealt a sharp blow to prices on the London terminal market yesterday. Futures values opened up to £11.5 below Friday's closing levels and the September position ended the day at £452.75 a tonne, down £14.5, after slipping to £450.5 at one stage. The news also hit the New York market where prices fell the permissible limit.

Brazil has reduced the minimum export prices by 11 cents a lb and these now range from 48 to 50 cents a lb for the various grades. The contribution quota for unwashed coffee now stands at $20 a bag (60 kilos) while that for washed coffee is $15 a bag—previously all green coffee exports had been taxed at $32.98 a bag.

The cut in minimum export prices is chiefly of internal significance as their main function is to regulate the amount of foreign exchange Brazil receives for its coffee exports. But the lower contribution quotas are of more direct significance to price levels as they determine the amount of money traders have to hand over to the Government from their export receipts

It is difficult to estimate the overall importance of Brazil's move as by far the greater proportion of its coffee exports is disposed of under special deals with consumers at discounted prices. Though a few of these might be affected dealers believe that under the terms of the majority of such deals the reduction in export prices will be compensated by a cut in the discount rate.

It may be significant that Brazil has chosen to take this action on the day before the commencement of the latest round of talks on the renegotiation of the International Coffee Agreement. However, it is felt that the move is designed as a financial boost for Brazil's exporters and growers rather than as an attempt to carve out a greater share of the world market.

The three-week session of the International Coffee Council, at which the form of a new coffee agreement will be discussed, begins in London to-day. The special working group set up by the council last September has been unable to complete the preparation of a draft text of the agreement in time so the council will have to be content with a progress report from the group's chairman, Alexandre Fontana Beltrao.

Optimistic

Nevertheless the meeting will convene in a more optimistic mood than at any time since preliminary talks on renegotiation began three years ago and hopes are high that a draft can be worked out over the next three weeks.

It was widely felt that the presentation of detailed ideas on a new agreement by the U.S. and jointly by Brazil and Columbia at the last round of talks in April represented a major step forward. The two proposals agreed on a number of points, notably on the desirability of setting up a 10m. 60-kilo bag buffer stock, though they differed profoundly on financing arrangements. Brazil and Columbia favoured the provision of funds by consumers as well as producers but the U.S. plan envisaged a stock financed entirely by the producers.

This week's meeting will see emergence of a third plan. Sr. Fausto Cantu Pena, director of the Mexican Coffee Institute, said at the week-end that Mexico would submit a new proposal "designed to ensure a minimum annual foreign currency income to producers."

The question of quota levels for individual producers is also expected to loom large at the talks if any real progress is made towards the drafting of a basic Agreement. This matter is chiefly of concern to the producers and two main schools of thought have emerged. One group—which includes Brazil—wants the quotas to be based on exports during the first four years of the 1968 agreement, but the other would prefer to base the quotas on the "free market" period after 1973.

In San Salvador, meanwhile, the Association Cafetalera de El Salvador has instructed its members to sell their entire 1974/75 coffee crop, reports Reuter. The decision came after El Salvador's national director of the coffee industry agreed to recommend the Compania Salvadorena de Cafe to purchase 20 per cent. of the crop for sale after 15 months.

Growers are free to sell the remaining 80 per cent. but the Compania Salvadorena may purchase exports contracts if it considers the sale price too low.

Threat to Brazil cocoa crop

By David White

RIO DE JANIERO, June 23.

TWO MONTHS of abnormally dry winter weather in the cocoa-growing region of Bahia have affected Brazil's current interim cocoa crop and, more seriously, prospects for the main crop later this year.

Despite earlier statements that the interim crop would not be affected, recent reports from Bahia suggest that it is falling 20 per cent. behind forecast levels. This means that the total harvest for 1974-75 may not, as expected, reach the previous year's record level of 245,000 metric tons.

The Cocoa Authority, Ceplac, has said it was still too early to gauge the full extent of the damage.

According to some reports, not confirmed by Ceplac, the current crop will total about 120,000 tons, against the 138,000 recently predicted by the U.S. Department of Agriculture, while near drought conditions are likely to delay the start of the next harvest, which usually begins in October.

Experts attribute the change in climate to the destruction of forest reserves over a wide area in the southern part of Bahia State, where many of the largest cocoa estates are situated. The dry period has come at a crucial time in the development of the late-year crop, and has killed off some plants, according to reports.

● Cocoa bean grindings in Japan dropped by 26.4 per cent., to 5.789 tonnes, in the first quarter of 1975, Reuter reported from Tokyo yesterday. In Accra, the Ghana Cocoa Marketing Board announced that purchases of mid-crop cocoa during the second week of the season were 588 long tons.

EEC MEDITERRANEAN TRADE
Farm Ministers face another marathon

BY ROBIN REEVES

LUXEMBOURG, June 23.

AGRICULTURAL MINISTERS of the Nine assembled here to-day for what promises to be a marathon session aimed primarily at clearing the way for the Community to complete its planned preferential trade agreements with the Maghreb countries, Algeria, Tunisia and Morocco.

Ministers were faced with a series of proposals from the European Commission aimed at strengthening the Market's support arrangements for fresh and processed fruit and vegetables, and wine, adding up to a better deal for the EEC's Mediterranean producers.

The hope is that the Italian Farm Minister, Sr. Giovanni Marcora, will accept this package in exchange for allowing more liberal treatment of agricultural imports from the Maghreb and other Mediterranean countries.

The Commission's proposals have been discussed already at official level when the Italians said that they felt they were insufficient. Other Community members, on the other hand, suggested that they were too generous.

Sharp clash

This evening there was a sharp clash between Sr. Marcora and Herr Joseph Ertl, the German Minister. The Italian Minister delivered a veiled warning that if the EEC did not help Italy the Community would find itself with a member who preferred to deal with State trading countries like Poland and Hungary.

In another reference to Communist gains in the recent Italian elections, he said this could be the last time the Council had a democratic Minister from Italy unless they gave his country a fair deal. Herr Ertl accused the Italians of breaking the deal negotiated in the Council two years ago. If they were unhappy, they should have said so in June 1973, he declared.

Italy's basic point is that, while being in favour of a global EEC trade policy towards its Mediterranean neighbours, it does not see why this should be done at the expense of Italian farmers who, in any case, do not receive the same measure of support from the Common Agricultural Policy as their counterparts in the northern part of the Community.

The signs are that any agreement will require negotiations into the early hours of the morning and the chances of success are being put at about 50-50.

Ministers are also due to discuss during their two-day meeting the proposed regulations for implementing the Community's new sugar regime. Mr. Fred Peart, the U.K. Farm Minister, is expected to press for a bigger incentive, ensuring that Commonwealth raw cane sugar is refined in British port refineries.

As the proposals stand, the Commission is proposing a charge on raw cane going to beet factories of 1.07 Units of Account per 100 kilos (around £5 a tonne) as a disincentive. Britain feels that this is not a big enough levy to ensure that the bulk of imported cane sugar will follow "traditional channels of trade"—an understanding secured by Mr. James Callaghan, the Foreign Secretary, during "renegotiations."

France, too, is worried that the proposed sugar regulations do not sufficiently guarantee the interest of cane producers in the French overseas departments, who might not be able to market their sugar against competing Commonwealth supplies. But neither problem is urgent. Commonwealth cane sugar will continue to be worth £260 a ton in the U.K. for the rest of this year and so, for the present, there is no danger of it going elsewhere in the EEC.

Heating fuel

Another item on the Ministers' agenda is the contentious plan to provide EEC grants of some £1.70 per square metre for the demolition of glasshouses hit by the steep rise in heating fuel costs. Preliminary discussions have indicated that this proposal has little support from most EEC members, save the Dutch. Mr. Fred Peart said on his arrival here to-day that the British Government was not keen.

Mr. Peart also promised to raise the problem of egg imports into the U.K. British egg producers sent him another telegram over the week-end protesting at the continued high level of imports from France, blaming them for a fresh drop of 3p a dozen in egg prices. Mr. Peart said he was looking for a Community solution to the problem.

Tea plantation workers' plea

Financial Times Reporter

TRADE SECRETARY Mr. Peter Shore, was urged yesterday to take steps to improve the living and working conditions of tea workers in Sri Lanka.

The Ceylon Workers Congress and its president Mr. Savumiamoorphy Thondaman, asked Mr. Shore to consider three possible courses of action.

They were that the Government should use its influence to urge the Ceylon Association (tea producers) to implement the recommendations of a recent report by MPs on Sri Lanka tea states—especially the guaranteeing of a six-day working week and statutory minimum wages.

To help in the rapid improvement of housing by channelling money through unions or to co-operatives to enable plantation workers to build new homes and to initiate talks between producing and consuming nations, aimed at a commodity agrement and better tea prices.

Little reaction to new tin pact

BY JOHN EDWARDS, COMMODITIES EDITOR

THE LONDON tin market showed little reaction yesterday to the terms of the new International Tin Agreement, finally approved in Geneva over the week-end. There were no surprises in the final stages of the discussions, and although the Penang market dipped slightly over the week-end, London prices were marginally higher.

The initial reaction to the new Agreement, which comes into force on July 1 next year, is that producing countries appear to have made less progress than generally expected in view of the increasing preoccupation with raw material supplies worldwide after the oil crisis.

Producers must be particularly disappointed that their proposals to enlarge the buffer stock, and obtain equal financing support from consumer countries, has been very much watered down. They still have to bear the cost of financing 20,000 tonnes of tin, and the consumers have only a voluntary commitment to supply an additional 20,000 tonnes to the buffer stock.

Indexation of tin prices, linking them to the rate of inflation in the industrialised world, has also been rejected. The U.S., despite Dr. Kissinger's pledge that his country would be prepared to play a new role in world commodity pacts, has not so far committed itself to join the only viable international agreement operating at present.

Perhaps the most important innovation, however, is the provision for a mid-term review of the Agreement by the Tin Council to re-examine the question of voluntary contributions to the buffer stock by consumer members.

It could then decide to call a new negotiating conference to amend the Agreement. To offset this, there is a clause empowering the Council to recommend that producers give preference to consumer member countries

Tin stocks in LME warehouses fell by 480 tonnes last week, reducing the total to 5,590 tonnes. The decline was in line with expectations

Paris sugar market dispute

PARIS, June 23.

THE PARIS Commodity Market Association said a temporary administrator, M. Pesson, had been appointed to the Caisse de Liquidation des Affaires en Marchandise de Paris.

This follows the decision by France's highest administrative court, the Council of State, to annul a decision taken by the Ministry of Commerce last December, temporarily closing the white sugar market because of rapidly falling prices.

Reuter

Better prospects for world crops

BY OUR COMMODITIES STAFF

THE OUTLOOK for world crops, particularly for grain, appears much more favourable this year than it did in 1974, according to forecasts by both the United Nations and the U.S. Department of Agriculture over the past few days.

The U.N's Food and Agriculture Organisation said world wheat and coarse grain production was expected to rise by 80m. tonnes in 1975. This was one of the main conclusions published at the end of its 12-day governing council meeting in Rome. The eight per cent. increase was expected to come mainly from the U.S., USSR and Canada West European grain output was likely to decline slightly, but eastern European crops were forecast as satisfactory.

Yesterday, the USDA Foreign Agricultural Service reported that, despite light rains, the drought in the Volga, southern Urals and Kazakhstan areas of the Soviet Union was not significantly relieved. Rains were causing heavy losses to Argentina's harvest, but benefiting crops in Brazil and Colombia.

Conditions were generally favourable in China and the Indian summer monsoon began on schedule. Crop development in western Europe was lagging following the late cold spring.

From Sydney yesterday, Reuter reported that week-end rains had averted a possible disaster for many wheat growing areas.

In Rome, meanwhile, the UN World Food Council executive director, Mr. John Bannah, said the Council should aim to meet a minimum for food aid of 10m. tonnes of grain a year.

● A spokesman for the Canadian Wheat Board in Winnipeg declined to comment on grain trade rumours that the Board has sold 1m. to 2m. tonnes of wheat to the Soviet Union, reports Reuter.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally higher on balance on the London Metal Exchange. Prices were initially higher reflecting the firmness of the U.S. market last Friday and forward metal traded up to £543.5 helped by short-covering. The further rise in the already record warehouse stocks figure was in line with expectations and had little market impact. Lack of follow-through at the higher level, however, coupled with influential selling from one quarter then turned prices lower and forward metal fell to £537 before ending at £540 on the afternoon Kerb. Turnover: 11,200 tonnes.

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £521, 24.5, 20, 20.5, early Sept. £536.5, three months £542 to 43.5 to 39. Cathodes: cash £508, 07, 06, three months £527. Kerb: Bars: three months £537 to 40. Afternoon: Wirebars: cash £521, three months £540. Cathodes three months £528.5. Kerb: Bars: three months £540.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	520-.5	+1	521-2	+1
3 months	539-40	+1.75	540-.5	+1.75
Settlem'nt	520.5	+1	—	.....
Cathodes				
Cash	506-.5	.....	508.5-10.5	+.5
3 months	525-6	+1.5	528-.5	+1
Settlem'nt	506.5	.....	—	.....
U.S. Smt.	—	.....	*60-63.7	.....

TIN—Little changed. Values held steady at the levels reached on the afternoon Kerb last Friday which reflected buying believed to have been on behalf of the buffer stock. The modest decline in Penang and the fall in warehouse stocks had little market impact. Turnover: 300 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3039-40	+14.5	3038-40	+10
3 months	3036-40	+5	3036-40	+5.5
S'ment	3040	+14	—	.....
Standard				
Cash	3039-40	+14.5	3038-40	+10
3 months	3035-40	+5	3036-40	+5.5
S'ment	3040	+14	—	.....
Straits E.	‡5v32	—5	—	.....
New York	—	.....	*344.75	—0.5

Morning: Standard: cash £3,040. High Grade untraded. Kerb: Standard three months £3,035, 3,030. Afternoon: Standard: three months £3,030. High Grade untraded. Kerb: Standard: cash £3,038.

LEAD—Edged higher in quiet trading, the smaller than expected rise in warehouse stocks aiding sentiment. Turnover: 1,150 tonnes

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	158-.5	—.5	158-.5	+.75
3 months	161.5-2	—.75	161-.5	+.5
S'ment	158.5	—.5	—	.....
N.Y. Spot	—	.....	19.22¾	.....

Morning: three months £162, 61.5. Kerb: three months £161.5. Afternoon: cash £158, late July £160, three months £161.5.

ZINC—Gained ground. Influential buying of cash metal and covering purchases of forward material pushed prices higher. Turnover: 3,825 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	331-.5	+1.12	330-1	+1
3 months	313.75-4	+3.37	315-4	+2
S'ment	331.5	+1.25	—	.....
Prim. West	—	.....	*38½-9	.....

Morning: cash £330, 30.5, late July £323, 28, three months £312.5, 13, 13.5. Kerb: three months £314. Afternoon: cash £330, three months £313.5, 14, 13.5. Kerb: three months £313.5.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 0.80p an ounce higher for spot delivery in the London bullion market, at 197.25p. U.S. cent equivalents of the fixing prices were: spot 448.1c., up 2.8c.; three-month 455.3c., up 2.7c.; six-month 462.5c., up 2.5c.; and 12-month 481.2c., up 3.3c. Business was modest. The spot price opened at 197-198p (448c-451c), and after small fluctuations ended at 197-198p (447-448c), against Friday's 197-198 (447.5-448.5c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	197.25p	+1.2	196.9p	—0.8
3 months	202.55p	+1.3	202.5p	—0.6
6 months	208.4p	+1.3	—	.....
7 months	—	.....	209.45p	—1.05
12 months	221.8p	+1.3	—	.....

LME—Turnover 128 (86) lots of 10,000 ozs. Morning: Three months 202.7, 02.9, 03, 03.1, 02.8, 02.9, 02.8. Kerb: Cash 197.6: three months 202.9, 03, 03.2. Afternoon: Three months 202.5, 02.3, 02.4, 02.5, 02.4.

COCOA

Values steadied slightly after initially opening easier with conditions remaining quiet and thin throughout the day, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No4 Contract			
July	444.0-45.0	—0.75	444.0-40.0
September	441.0-42.0	.....	442.0-36.0
December	453.0-54.0	—2.25	453.5-47.0
March	461.0-62.0	—2.25	461.5-57.0
May	464.0-65.0	—2.75	462.0-60.0
July	466.0-67.5	—3.75	466.0
September	469.0-71.0	—2.5	—

Sales: 1,302 (1,054) lots of 10 tonnes.

International Cocoa Agreement prices: Daily 43.73 (43.72) U.S. cents per pound; indicator 15-day average 45.23 (45.55); 22-day average 46.33 (46.51).

FREIGHTS

OIL TANKERS—A fairly firm market with a few fixtures—normal at the start of a week—but with more new inquiry for large ships in the Persian Gulf and demand in other loading areas, including West Africa, the Mediterranean and the Caribbeans. "There is some cautious optimism," said one broker, while pointing out that recent improved rates in most areas and sizes were still well below break-even levels, even on an operating cost basis. An outstanding fixture was a 280,000-tons Newfoundland Refining relet, taken prompt from Persian Gulf to west by Socal at Worldscale 22½.

DRY CARGO—Market opened the week on an extremely quiet note with many sections idle. Interest in grain on N. European account, other than in the very early positions, was limited but in other directions cargoes were booked from U.S. Gulf to West Coast Mexico at $11.50 f.i.o. for June/July and from the same loading area to Venezuela at $13.50 f.i.o. for June.

A cargo of wheat was arranged from W. Australia to Lobito at $22.35 gross terms for July.

Miscellaneous chartering included 4,050 long tons scrap from Detroit to N. Spain at $90,000 f.i.o. for spot loading and cement from Durban to Dubai at $15 f.i.o. for June/July.

COFFEE

News that Brazil had reduced minimum registrations and coffee export taxes dampened recent bullish sentiment in Robusta futures and touched off fresh speculative selling, long liquidation and stoploss orders, which saw buyers initially back away sharply before lower levels attracted scale-down buying and short-covering.

Prices during the afternoon moved irregularly around the lower end of the day's trading range and the New York limit down opening had been discounted by mid-session. Arabicas finished 43 to 365 points down on balance.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	453.0-4.0	—15.25	466.5-49.0
September	452.5-3.0	—14.5	468.0-50.5
November	448.5-9.5	—15.5	455.0-45.0
January	448.0-8.5	—16.0	459.0-44.0
March	449.0-50.0	—15.5	465.0-46.0
May	451.0-2.0	—16.0	466.5-48.0
July	454.0-6.0	—14.5	460.0-52.0

Sales: 1,713 (610) lots of 5 tonnes.

Latest published ICO indicator prices. U.S. cents a pound. Colombian Mild Arabicas 74.00 (73.75). Other Mild Arabicas 58.00 (56.67). Unwashed Arabicas Santos Fours 75.30 (same). Robustas 49.58 (49.38). Daily average 64.46 (64.36).

ARABICA CONTRACT (in order buyer, seller, sales)—June 64.70-65.50, nil; Aug. 65.00-63.20, 13; Oct. 64.00-64.10, 17; Dec. 64.30-64.50, 8; Feb. 64.80-64.50, 9; April 64.60-64.90, 23; June 64.50-65.90, nil. Sales: 68.

RUBBER

ABOUT UNCHANGED opening on London physical market. Fair interest throughout day, closing on slightly steadier note. Lewis and Peat reported a godown price of 129 Malaysian cents a kilo (buyer, July).

No. 1 R.S.S.	Yesterday's close	Previous day's close	Business done
July	31.55-31.75	30.70-32.00	—
Aug.	31.35-31.45	31.75-31.80	31.40
Jly-Sep.	31.35-31.75	31.90-31.75	31.75
Oct.-Dec.	32.65-32.70	32.60-32.70	32.80-32.50
Jan-Mar.	34.40-34.60	34.00-34.15	34.40-34.05
Ap-Jun.	35.65-35.75	35.05-35.10	35.70-35.40
Jly-Sept.	36.10-36.30	35.75-35.90	36.20-35.75
Oct.-Dec.	36.65-36.90	36.55-36.65	36.95-36.60
Jan-Mar.	37.40-37.75	37.20-37.4	37.70-37.25

Sales: 230 (135) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 30.0p (29.0p) (same); July 27.15p (27.0p); August 27.75p (27.5p).

SOYABEAN MEAL

	Yesterd'ys Close	+ or —	Business Done
	£per tonne		
August	72.60-72.90	+0.2	72.60
October	73.70-73.80	+0.4	73.7-73.50
December	73.80-73.90	+0.5	73.50-73.4
February	75.20-75.30	+0.7	75.2-75.10
April	76.00-76.50	+0.45	76.3
June	77.50-77.90	+0.55	—
August	79.10-79.50	+0.8	79.2-79.1

Sales: 134 (157) lots of 100 tonnes.

GRAINS

THE BALTIC — Increased selling reserve was evident in the imported grains market and quiet trading conditions ensued, with buyers reluctant to meet higher asking levels.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., July £84.75, Aug. £80.30, Sept. £77.65 sellers transhipment east coast: U.S. Hard Winter No. 2, 13½ per cent. July £72.80, Aug. £74 transhipment east coast sellers.

Maize—No. 3 Yellow American/French July £54.75, Aug. £55.50, Sept. £58.75 transhipment east coast sellers. South African White Dent Aug. £66.00 Glasgow. South African Yellow Flint Aug. £65.00 Glasgow.

Barley—EEC Feed June and July £54.50 transhipment east coast. Rest unquoted.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, barely steady. Close: Sept. 58.40, Nov. 60.85, Jan. 63.00, March 64.55, May 65.75. Business: Sept. 58.50-58.30, Nov. 61.00-60.70, Jan. 63.20-63.00, March 65.13-64.75, May 65.75 only. Barley, barely steady. Close: Sept. 55.75, Nov. 57.70, Jan. 60.05, March 62.05, May 63.70. Business: Sept. 55.60-55.60, Nov. 57.85-57.70, Jan. 60.00 only, March 62.20 only, May 63.70 only.

MARK LANE—Demand was mainly directed to forward new crop positions but the price trend was steadier. Hagberg milling wheat traded to London at £63.50 for Sept./Dec. spreads ranging up to £65 per long ton for single month Dec. deliveries. Denaturable wheat traded into Norfolk at £60.75 per long ton for Sept./Dec. and feed barley at £58.25 also for Sept./Dec. deliveries. Average sellers quotations per long ton delivered London area: Wheat milling (Hagberg) July £55.50, Sept./Dec. new crop £63.50; denaturable July £55.50 nominal. Barley feed unquoted.

HGCA—Regional and U.K. average ex-farm spot prices for week ended June 19: Soft milling wheat—S. East £52.55, Eastern £51.45, E. Midlands £50.70, W. Midlands £52.10, N. East £51.45, N. West £52.55, U.K. £51.45. Feeding barley—S. East £50.95, S. West £51.25, Eastern £50.30, E. Midlands £50.10, W. Midlands £50.80, N. East £49.05, N. West £50.20, Scotland £47.75, U.K. £49.55.

HGCA—Location ex-farm spot prices: Soft milling wheat—Ipswich £52.25. Feeding barley—Darlington £50.00; Ipswich £50.50.

SUGAR

LONDON DAILY PRICE—Unchanged at £128 a ton c.i.f. for June/July shipment.

Market was locked in a narrow range for most of the day, reflecting the lack of news in physical sugar, C. Czarnikow reports. A rally late in the day touched off one or two small stop-loss buying orders and pushed prices to the day's best.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug.	127.60-7.60	125.00-15.60	127.50-25.00
Oct.	123.00-3.60	118.50-19.00	124.00-18.00
Dec.	122.50-2.75	118.95-19.00	122.50-19.00
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]

Sales: [illegible]

[illegible]

WOOL FUTURES

LONDON—Market unchanged to a little easier in dull and featureless session Bache reports.

[illegible]

July	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]	[illegible]
December	[illegible]	[illegible]	[illegible]	[illegible]

Sales: [illegible]

BRADFORD—Prices easier, reflecting a general softening in world wool markets last week. [illegible]

SYDNEY GREASY [illegible]

MEAT/VEGETABLES

SMITHFIELD—Beef: Scotch killed sides 34.0 to 37.0, [illegible] 44.0, forequarters [illegible] quarters [illegible] 23.5.

Veal: English fats 40.0 to 44.0, Scotch bobbies 14.0 to 16.0, Dutch hinds and ends 52.0 to 58.0.

Lamb: English small 34.0 to 38.0, medium 32.0 to 38.0, heavy 30.0 to 34.0. Imported frozen New Zealand D's 30.0 to 31.0, 2's 30.5 to 31.0, YLs 28.5 to 29.5.

Ewes: 12.0 to 13.0.

Pork: English, under 100 lbs 27.0 to 33.0, 100-120 lbs 27.0 to 32.0, 120-160 lbs 27.0 to 31.0, 160-180 lbs 23.5 to 28.5, 180 lbs and over 24.0 to 26.0.

MEAT COMMISSION—Average fatstock prices at representative markets on June 23: U.K.—Cattle 20.66 per live cwt (−0.13); Sheep 36.4p per lb e.d.c. (+2.2); Pigs £4.18 per live score l.w. (−0.14). England and Wales—Cattle numbers up 8.8 per cent., average price £20.55 (−0.30); Sheep up 37.4, 36.7p (+2.3); Pig down 0.4, £4.16 (−0.14). Scotland—Cattle up 35.6, £22.17 (−0.11); Sheep down 6.3, 33.7p (+0.21); Pig up 7.1, £4.63 (−0.10).

MEAT COMMISSION—Average fatstock prices at representative markets in week ended June 21: U.K.—Cattle £20.65 per live cwt. (−0.62); Sheep 35.3p per lb. e.d.c.w. (+0.2); Pigs £4.22 per sc.l.w. (−0.22). England and Wales—Cattle numbers down 7.7 per cent., average price £20.63 (−0.73); Sheep up 1.2, 35.6p (+0.6); Pig down 6.2, £4.21 (−0.23). Scotland—Cattle down 15.8, £22.43 (−0.04); Sheep down 11.0, 33.3p (−1.8); Pig up 5.6, £4.59 (+0.02).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Jaffa: Valencia Lates 2.30-3.50; Californian: 3.20-3.50; Cypriot: 2.20-2.50; South African: 2.60-3.15. Grapefruit—Jaffa: 2.50-2.80; South African: 2.20-3.25. Lemons—Italian: 3.40; South African: 3.70-4.00; Spanish: 2.80-3.00; Californian: 3.40-3.50. Apples—South African: Starking Delicious 4.80-5.00, Golden Delicious 5.00, White Winter Pearmain 4.90, Granny Smith 5.30-5.50, Yorks 4.60-5.20; New Zealand: Granny Smith 5.80, Sturmer Pippin 5.40-5.50; Tasmanian: Jonathan 4.60-4.80, Crofton 5.10, Sturmer 5.20, Golden Delicious 4.90; French: cartons, Golden Delicious 20 lb 2.25-2.35; Tyrolean: per 40 lb Rome Beauty 4.00; Western Australian: Granny Smith 5.20-5.30. Pears—Tasmanian: per 40 lb Packham's Triumph 6.00, Josephines 6.00; South African: Winter Nelis, cartons 5.00; Victorian: Josephines 6.00, Packham's Triumph 6.00. Bananas—Windward Islands: per 28 lb 3.00; Jamaican: 3.00. Cherries—French: per pound 0.25-0.27; Italian: 0.30-0.35; Greek: 0.28. Grapes—Israeli: Perlette 4.00. Apricots—Spanish: per 11 lb 1.40-1.60. Peaches—Spanish: trays C's to A's 1.60-2.00; Italian: 14 trays 1.50-3.00. Japanese Plums—Spanish: per pound 0.12-0.20. Tomatoes—Dutch: 2.00; Jersey: 1.50; Guernsey: 1.50. Carrots—French: Nantes 22 lb 3.00; Cypriot: 3.50; Italian: 3.20. Courgettes—Cypriot: 1.00-1.20; Italian: per 12 lb 1.80. Potatoes—Jersey: per pound 0.09; French: [illegible]

[illegible]

JUTE

LONDON—Quiet. Bangladesh White C grade June-July £200, D grade June-July £185. [illegible]

CALCUTTA—Steady. Indian spot Rs. 480 value. Dundee Daisee June-July [illegible]

DUNDEE—Quiet. Prices c. and f. U.K. for June/July shipment: [illegible]

COTTON

LIVERPOOL COTTON—No spot or shipment sales were recorded. [illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	June 23 1975	+ or —	Month ago
Metals			
Aluminium	£[illegible]		£595
Free market c.i.f.	$280-305		$275-285
Copper	[illegible]		£550.5
[illegible]	[illegible]	[illegible]	£569.75
[illegible]	[illegible]	[illegible]	£539.25
[illegible]	[illegible]	[illegible]	£558.75
Gold	[illegible]	[illegible]	$170.5
Lead Cash	[illegible]	[illegible]	£191
3 months	[illegible]	[illegible]	£178
Nickel	[illegible]	[illegible]	£1,880
Free market	[illegible]	[illegible]	$1.75-1.9
Platinum	[illegible]	[illegible]	£67-71.5
Free Market	[illegible]	[illegible]	£65-67
Quicksilver	[illegible]	[illegible]	$162-167
Silver Troy oz.	[illegible]	[illegible]	197.55p
3 months	[illegible]	[illegible]	203.05p
Tin Cash	[illegible]	[illegible]	£2,960.5
3 months	[illegible]	[illegible]	£3,016.5
Wolfram	[illegible]	[illegible]	$[illegible]
Zinc Cash	[illegible]	[illegible]	£323.25
3 months	[illegible]	[illegible]	£314.875
Producers	[illegible]	[illegible]	$660
Oils			
Coconut	[illegible]	[illegible]	£175
Groundnut	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	£386
Linseed Crude	[illegible]	[illegible]	£467
Palm Malayan	[illegible]	[illegible]	[illegible]
Soyabean	[illegible]	[illegible]	[illegible]
Seeds			
Copra Philippines	[illegible]	[illegible]	$220
Groundnut	[illegible]	[illegible]	£165
Linseed	[illegible]	[illegible]	[illegible]
Grains			
Barley EEC	[illegible]	[illegible]	£50.75
Home Futures	[illegible]	[illegible]	£49.75
Maize			
French	[illegible]	[illegible]	£51.5
S.A. Yellow	[illegible]	[illegible]	61
Wheat			
No. 1 Red Spring	[illegible]	[illegible]	[illegible]
No. 2 Hard Winter	[illegible]	[illegible]	£66.85
Australian	[illegible]	[illegible]	[illegible]
English Milling	[illegible]	[illegible]	£62.5
Cocoa Shipment	[illegible]	[illegible]	£551
Futures	[illegible]	[illegible]	£466.5
Coffee Shipment	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	£423.75
Cotton Index	[illegible]	[illegible]	54.55
Jute UABC	[illegible]	[illegible]	$324
Rubber	[illegible]	[illegible]	26.5p
Sisal	[illegible]	[illegible]	$550
Sugar	[illegible]	[illegible]	£180
Wooltops	[illegible]	[illegible]	197p
Cloves (Madagascar)	[illegible]	[illegible]	$2,550
Pepper White	[illegible]	[illegible]	$655
Black	[illegible]	[illegible]	$675

* Nominal. † Seller. § Unofficial close. ¶ Indicative price. [illegible]

FINANCIAL TIMES

June 23	June 20	Month ago	Year ago
155.92	156.31	[illegible]	214.10

(Base: July 1, 1952=100)

REUTER'S

June 23	June 20	Month ago	Year ago
1059.9	1057.2	[illegible]	1270.2

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	June 20	June 19	Month ago	Year ago
Spot	[illegible]	[illegible]	[illegible]	[illegible]
Futures	[illegible]	[illegible]	[illegible]	[illegible]

(Average 1924-25-26=100)

MOODY'S

Moody's	June 23	June 20	Month ago	Year ago
Spot Commodity	[illegible]	[illegible]	[illegible]	[illegible]

(Dec. 31, 1931=100)

GRIMSBY FISH—Supply good, demand good. [illegible]

COPRA—Philippines: July and August $223, Sept. $220 resellers per tonne c.i.f. North European ports.

U.S. Markets
Copper off as LME stocks rise

NEW YORK, June 23.

SILVER declined in featureless trading while copper finished lower as LME warehouse stocks made new record levels. Sugar closed higher following liquidation in the nearby July contract. Late local and Commission House selling and "pick-up in" country movement forced Chicago grains lower across the board, Bache reports.

Cocoa—Ghana spot 63½ (63), Bahia spot 52½ (52), July 46.20 (45.65), Sept. 41.90 (41.66), Dec. 40.85, March 41.37, May 41.65, July 42.00, Sept. unquoted. Sales: 1,022.

Coffee—Spot Santos No. 4 67.00 asked (same). Colombian Mams 71 (same). "C" Contract: July 55.45 asked (55.45), Sept. 55.40 (57.40), Nov. 55.80 nom., Dec. 55.80 asked, March 56.15 nom., May 56.50 nom. Sales: 343.

Copper—June 52.70 (53.20), July 52.80 (53.30), Aug. 53.20, Sept. 53.70 settlements. Sales: 1,061.

Cotton—July 46.10-46.11 (46.20), Oct. 47.65 (47.71), Dec. 48.45-48.50, March 49.50-49.55, May 50.00-50.10, July 50.60-50.70, Oct. 50.90 bid, Dec. 51.05 bid. Sales: 2,951.

¶Gold—June 162.20 (163.00), July 162.60 (163.40), Aug. 163.30, Oct. 165.80, Dec. 168.10, Feb. 170.40, April 172.70, June 175.10, Aug. 177.50, Oct. 179.80 settlements. Sales. 624.

Greasewool—Spot 133.5 nom. (135.0 nom.), July 135.5-136.0 (132.5), Oct. 134.5-135.0 (135.0), Dec. 136.0-140.0, March 135.0-141.0, May 135.0-144.0, July 135.0 bid, Oct. 135.0 bid.

†Lard—Chicago loose 30 asked (25-27) nom.), NY drummed 34½ nom. (33 nom.).

††Maize—July 287-287½ (290½-290½), Sept. 266-267 (272-272½), Dec. 249½-249, March 255½-256, May 259½.

‡Platinum—July 148.50 (148.50), Oct. 151.50 (151.60), Jan. 154.50 bid, April 158.10, July 161.20 bid, Oct. 164.50 bid. Sales: 136.

‡‡Silver—Spot 447.30 (448.00), June 445.50 (448.60), July 446.10 (449.30), Aug. 449.30, Sept. 452.50, Dec. 463.00, Jan. 466.10, March 472.90, May 479.40, July 485.90, Sept. 492.40. Sales: 4,096.

*Soyabeans—July 518-520 (526), Aug. 512 (520), Sept. 503-509, Nov. 505-509, Jan. 515½, March 522½, May 529½, July 534½, Aug. 532 nom.

[illegible]

WINNIPEG, June 23. ¶¶Rye—July 218, Oct. 218 asked, Dec. 218 asked.

¶¶Oats—July 183, Oct. 151 asked, Dec. 145 nom., May unquoted.

¶¶Barley—July 229, Oct. 217 asked, Dec. 212 nom., May 229 nom.

¶Flaxseed—July 754 bid, Oct. 701 asked, Nov. 703 asked, Dec. 722, May 659 nom.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 465 (465).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. [illegible] Chicago loose $'s per 100 lbs. — Dept. of Ag. prices previous day. Prime steam f.o.b. N.Y. [illegible] Cents per troy ounce ex-warehouse. [illegible] New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. [illegible] Cents per pound delivered NY. [illegible] Cents per 56-lb bushel, ex-warehouse, 1,000 bushel lots.

STOCK EXCHANGE REPORT

Sharp reaction in leaders on persistent selling

Index drops 15 points to 318.8—Stores weak

Account Dealing Dates

First Dealings	Declarations	Last Dealings	Account Day
Jun. 2	Jun. 12	Jun. 13	Jun. 24
Jun. 16	Jun. 26	Jun. 27	July 8
Jun. 30	July 10	July 11	July 22

" New time " dealings may take place from 9.30 a.m. two business days earlier.

Equity markets started the second leg of the Account on a depressed note yesterday, with leading Industrials closing with falls extending to 15 and occasionally more. Underlying sentiment was not helped by the inflationary implications of the rail pay settlement, but the reaction stemmed mainly from fears of a price freeze. Selling of the leaders was mainly small but fairly persistent and the FT 30-share index dropped 15 points to 318.8, making a fall of 46.5 in the 12 trading days since the year's peak was reached on June 5. ICI, down 12 at 272p, were particularly unsettled pending the outcome of the company's crucial pay talks.

Losses in second-line issues were relatively modest, but the reaction was fairly widespread. This was shown in a 4-1 majority of falls over rises in FT-quoted Industrials and a loss of 2.9 per cent. to 140.53 in the FT-Actuaries' All-share index. Fears of further price controls, however, prompted above-average losses in Stores and the FT-Actuaries index for the section fell 4 per cent. to 113.78. Among the day's few bright spots, Daniel Doncaster were outstanding at 91p, up 46, on the bid from International Nickel. Official markings of 4,845 compared with 4,743 last Friday and 5,859 a week ago.

Gilts quiet

Apart from a further steady demand for low-coupon short-dated stocks which closed up to ¼ better, British Funds passed another quiet session. Gains extending to ⅜ in mediums and longs were mainly the result of a late mark-up last Friday following settlement of the railwaymens' pay negotiations: trading throughout the day was small, but the tone was fully steady. The Government Securities index improved 0.16 to 58.32.

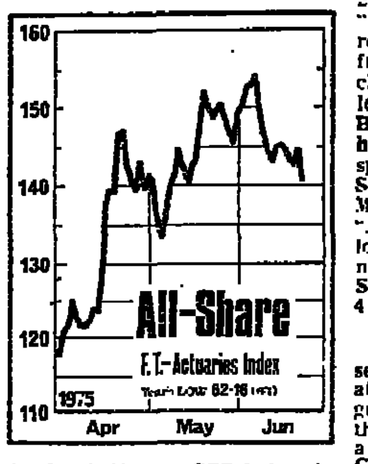
Institutional interest for investment dollars was partly offset by overseas activity in South African Gold shares and the premium, after opening a shade easier at 94½ per cent., progressed to 95¾ per cent. before closing a point higher on balance at 95½ per cent. Yesterday's SE conversion factor was 0.5880 (0.5869).

Home Banks remained dull with persistent small selling and lack of support resulting in fresh double-figured loses. Midland led the retreat, falling 18 to 255p, while Barclays lost 13 to 290p as did Lloyds and National Westminster both to the common level of 240p. Bank of Scotland also came under pressure and dipped 12 to 238p. Irish bank casualties included Allied, 6 lower at 116p, and Bank of Ireland, 10 cheaper at 445p. In irregular Merchant Banks, two contrasting features emerged: Keyser Ullmann were sold down to 44p, for a loss of 8 on the day, but Leopold Joseph jumped 30 to 240p in a thin market on satisfaction with the increased dividend payment and higher profits.

Insurances contributed to the general dull trend. Phoenix, in new "ex-rights" form, shed 12 to 200p, while the nil-paid shares closed at 20p premium, after extremes of 27p and 17p. "Royals," 298p and Sun Alliance, 403p, declined 10 as did General Accident to 145p.

Among dull Breweries, Allied cheapened 2½ to 66½p in front of to-day's interim results. A firm market last week on the impressive first-half figures, Arthur Guinness also ran back 3 to 115p. Elsewhere, small selling caused a fall of 6¼ to 136½p in Distillers.

Building failed to escape the general market downturn. R. Costain retreated 7 to 198p, while falls of 6 were seen in L. Fairclough, 154p, and Associated Portland Cement, 141p. After recent strength, Marchwiel slipped 3½ to 82p. May and Hassell eased 3 to 61p on the profits setback, while Leyland Paint gave up 3 more at 26p on further consideration of the first-half loss. SPB Industries shed 1½ to 88½p in front of to-morrow's preliminary figures, but William Mallinson contrasted with a rise of 1 to 34½p in response to a Press mention. Beechwood Construction made no apparent response to the results, closing unchanged at 14p.



ICI, reflecting concern about the outcome of the current pay talks, closed at the day's lowest of 272p, down 12, following a reasonable trade. Albright and Wilson ended 4 off at 68p, while Fisons, 395p, and Hickson and Welch, 243p, lost 7 apiece. Laporte receded 3 to 87p, but Lankro managed to close 2 better at 97p on the sharply higher profits.

Television Contractors were easier where changed. Anglia "A," ahead of today's interim statement, eased a penny to 64p, while similar losses were sustained by ATV "A," 43p, and Grampian "A," 12p.

Fears of an imminent introduction of price controls brought heavy selling pressure to bear on Stores, which closed with some substantial losses following a reasonable turnover. British Home Stores stood out with a fall of 17 to 310p, while Marks and Spencer were finally 9 cheaper at 209p, after 208p, and "Gussies" "A" finished 10 off at 171p. UDS remained on offer, falling 7 further to 88p. F. W. Woolworth closed a penny easier at 45½p following a Press mention, while House of Fraser, 78p, and Debenhams, 70p, gave up 5 and 6 respectively. Combined English Stores reacted 6 to 69p as did Mothercare to 170p. W. H. Smith "A" remained a dull market, losing 8 more at 368p, while other notable casualties included Spirella, 3 off at 42p, and NSS, 4 cheaper at 41p.

There was not a great deal of selling of leading Electricals, although prices wilted with the general trend to close mainly at the day's lowest. EMI recorded a reaction of 8 at 175p, while GEC receded 7 to 118p. Thorn Electrical 6 to 162p, and BICC 5 to 118p. Plessey, awaiting tomorrow's results for the nine-months' accounting period, finished only 2 off at 69p, after 68p. Secondary issues displayed modest losses, but British Electronic provided a firm exception at 8½p, up 1½. Electrocomponents declined 4 to 104p, while Comet Radiovision, 38p, and BSR, 69p, both eased 2. Racal Electronics closed a shade off at 266p in front of Thursday's preliminary results.

John Sainsbury typified dull Foods with a fall of 9 to 152p. Cavenham, 127p, and Tate and Lyle, 240p, lost 6 apiece, while adverse Press comment lowered Unigate 3½ to 44p. Associated British Foods eased 1½ to 63½p and RHM gave up 2 at 40½p. Barker and Dobson were marked a penny cheaper at 3½p following the warning that the company may sustain a "substantially greater" loss in the second-half. Associated Dairies reacted 9 to 169p, while A. J. Mills, 50p, and Matthews Holdings, 48p, gave up 4 and 5 respectively. Robertson Foods eased 3 to 74p, following the chairman's statement.

Hotels and Caterers had a drab appearance. J. Lyons "A" declined 10 to 162p, while losses of 5 or so were marked against Grand Metropolitan, 65p, Trust Houses Forte, 98p, and Ladbroke, 156p.

D. Doncaster jump

Leading Engineerings suffered a fresh sharp setback in the wake of persistent small offerings. None more so than GKN which ran back 13 to 232p, while Tube Investments fell 12 to 246p as did Hawker Siddeley to 266p. Vickers declined 6 to 131p. Secondary issues fared better and closed mixed. Babcock and Wilcox cheapened 5 to 109p and Brockhouse gave up 4 to 138p, while Pegler-Hattersley were also 4 lower at 132½p. Ahead of tomorrow's results, Baker Perkins shaded 2 to 34p. N. Greening closed only ½ easier at 29p; news of the increased offer from Johnson Firth Brown (2 down at 47p) came after market hours. GEI International in "ex-rights" form, declined 3½ to 46p, with the "new" nil-paid shares closing at 7p premium. By way of contrast, following news of the agreed 101p cash offer from International Nickel, Daniel Doncaster leapt to 93p, before closing 46 up on the day at 91p. Reflecting the return to profitability and the interim dividend payment, Herbert Morris advanced 3 to 48p.

Industrial leaders weak

Persistent but mainly small selling caused a rather sharp reaction in miscellaneous Industrial leaders, which finished virtually at the day's worst with falls ranging to 18. Unilever, 366p, and Beecham, 278p, both closed about that amount cheaper, while Glaxo were finally 15 down at 350p, after 348p, and the "new" nil-paid 14 off at 146p premium. Boots, 225p, also lost 14, while Metal Box weakened 13 to 256p. Bowater 10 to 160p and Reed International 8 to 238p. Pilkington, 201p, and Turner and Newall, 112p, declined 5 apiece. The Australian-based Broken Hill Proprietary were also in dull mood and lost 15 to 695p. Elsewhere, however, the gloom was broken by Cowan de Groot, which improved 4 to 51p, and Restmor, 2 better at 43p, both reflecting favourable week-end Press comment. Also in firmer vein were Whitecroft, 73p, and E. Austin and Sons (London), 43p, both of which hardened 2 on preliminary results. In contrast, Giltspur declined 4 to 32p on the preliminary statement, while IC Gas, ahead of to-day's results, receded 16 to 340p. Anglo-Thai, after acquisition news, slipped 5 to 114p. Similar losses occurred in Johnson Matthey, 285p, and Manchester Ship Canal, 180p, while Trafalgar House, 96p, and Rockware, 57p, shed 4 apiece. Eastern Produce lost 3 to 26p and English and Overseas Investments came back 1¼ to 4½p.

Leading Motors drifted lower in light trading. Dunlop, following the chairman's statement, eased 4 to 49p, while Lucas Industries shed 3 to 108p. British Leyland hardened ¼ to 9½p, compared with the 10p a share expected from the Government. Despite lower profits, announced fairly late yesterday, Godfrey Davis held at 34½p.

Newspapers gave ground in light trading. Thomson Organisation, 190p, and Pearson Longman, 82p, lost 5 apiece, while Associated ended 4 cheaper at 96p and Home Counties closed 2 easier at 32p. In Publishers, Marshall Cavendish, at 17p, gave up 1½ of Friday's rise of 3½. Papers were also dull; DRG and Bunzl Pulp both closing 4 cheaper at 112p and 87p respectively.

Property leaders came on offer and closed at the day's worst with losses extending to 8, as in Land Securities, 175p. MEPC receded 5 to 118p and English Property 4½ to 72½p, while Town and City Properties shed 2 to 25½p. Secondary issues followed the downtrend, with Bernard Sunley declining 5 to 145p. Reactions of 4 occurred in Barratt Developments, 95p, Berkeley Hambro, 155p, Haslemere Estates, 208p, and Stock Conversion, 152p, while Argyle Securities, after last Friday's Press-inspired rise of 6, came back 3 to 46p. Artagen, 70p, and Slough Estates, 87p, eased 2½ apiece.

Oils retreat

The Oil leaders succumbed to the general market depression with a predominance of sellers leaving prices closing only a shade above the day's worst. After recording an advance of 17 the previous week in response to small investment demand, British Petroleum suffered a reaction to 518p before finishing a net 12 down at 520p. Shell Transport registered a fall of 11 at 308p, after 307p, while, despite a modest rise in the investment premium, Royal Dutch ended ⅜ easier at £27⅞. Burmah sustained a loss of 3 at 30p, after 29p, and Ultramar retreated 8 to 200p. Tricentrol closed 4 down at 58p following the chairman's statement at the annual meeting. Berry Wiggins reacted 4 more to 80p. Ball and Collins (Oil and Gas) were marked up to 170p in response to Press comment, but attracted little interest and came back to 165p, unchanged on balance. International Oils Exploration relinquished 3 at 30p in Australian Oils after the recent improvement.

Overseas Traders generally weakened, with Booker McConnell falling 9 to 152p and Inchcape 12 to 365p. Lonrho closed 6 down at 130p, after 128p, and Australian Agricultural 5 cheaper at 88p, while S. and W. Berisford reacted 4 to 161p.

Trusts and Financials had Dalgety sold down to 184p, a loss of 14. After recent firmness, Lubok 12 per cent. Convertible ran back 4 pooints to £168. Despite favourable Press comment, Catel Trust were unmoved at 8½p.

Shippings gave ground throughout on small selling and lack of support. P. and O. Deferred declined 6 to 92p and Felixstowe Dock fell 7 to 80p, while Furness Withy and Lyle were both 5 off at 210p and 205p respectively. With results due to-morrow, "Lofs" gave up 1 to 39p.

Courtaulds closed 7 lower at 121p in Textiles following the full report. Nottingham Manufacturing gave up 4 to 62p and John Crowther receded 3 to 37p, while "Snia-Viscosa" fell 10 to 175p. Ahead of their respective preliminary figures to-day, British Cotton and Wool and Dawson International each shaded a penny to 18p and 21p respectively. John Haggas, on the other hand, hardened 5 to 240p in a restricted market.

Anglo American Industrial, 35 to the good at 800p, provided a lone feature in South Africans.

Golds edge higher

It was another generally quiet day in Mining markets. Gold shares were initially helped by an overspill of last Friday's U.S. demand which was later joined by Cape buying. The modest decline in bullion was offset by the steadiness of the investment dollar premium and the Gold Mines index rose 4.2 to 386.1 while the metal was 50 cents lower at $162.25 per ounce.

Gains in the heavyweights ranged to ¾ in Western Deep at £21¾, while Hartebeest were ¼ better at £26½, after £27. Kinross put on 10 at 680p as did West Rand Consolidated at 330p.

Movements in Financials were irregular. Despite the downturn in the U.K. Industrial market, the London-based issues held steady with exception of Selection Trust which, in active trading, were another 25 down at 565p, after 550p.

Otherwise, Gold Fields were 2 harder at 250p. "Amgold" added a half-point at £42½, but Anglo fell 10 to 480p. Lack of the recent Cape demand left Platinums a few pence easier, Potgietersrust being 3 off at 223p.

Australians, for the most part, followed the lower tone of home markets overnight; Pancontinental were exceptionally poor, losing 40 at 315p. Selcast Exploration fell 4 to 24p.

Botswana RST followed Friday's 20 jump with a gain of 12 to 110p after 112p, most interest still emanating from the Cape. Other Coppers were little changed although Minorco fell 6 to 286p. Tins, where changed, were lower except London Tin which added 5 at 170p.

Elsewhere, profit-taking after last week's rise on North Sea oil hopes took 2 from Charterhall at 57p. Central Provinces were steady at 11p.

FINANCIAL TIMES STOCK INDICES

—	June 23	June 20	June 19	June 18	June 17	June 16	A year ago
Government Secs.	58.32	58.16	58.12	58.09	58.09	58.14	58.43
Fixed Interest	57.81	57.79	57.73	57.57	57.54	57.89	64.60
Industrial Ordinary	318.8	333.8	328.6	326.0	330.6	335.5	248.3
Gold Mines	386.1	381.9	383.7	378.7	370.0	369.4	295.8
Ord. Div. Yld. %	6.35	6.06	6.16	6.17	6.09	6.00	8.06
Earnings Yld. % (full) (a)	18.76	17.89	18.16	18.23	17.99	17.75	20.92
P/E Ratio (net) (a) (b)	7.62	8.00	7.88	7.82	7.93	8.04	6.75
Dealings marked	4,846	4,743	4,588	5,745	5,698	5,859	†5,790
Equity turnover £m.	—	48.90	38.50	39.47	50.07	48.66	34.39
Equity bargains total	—	12,380	11,875	11,606	13,642	14,266	11,845

10 a.m. 323.3. 11 a.m. 323.1. Noon 321.4. 1 p.m. 321.1. 2 p.m. 320.6. 3 p.m. 321.3.

Latest Index 01-246 8026. † Excluding regional exchanges.

(a) Based on 52 per cent. corporation tax. (b) Nil=7.37.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.54 (20/5)	49.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.51 (21/5)	50.53 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	366.3 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.2 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	June 23	June 20
Daily—		
Gilt-Edged	110.0	130.7
Industrials	178.1	168.4
Speculative	64.5	43.3
Totals	110.3	108.0
5-day Average—		
Gilt-Edged	124.2	126.5
Industrials	183.2	188.0
Speculative	50.4	48.2
Totals	116.6	121.2

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

	Equity groups	Mon. June 23, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Friday June 20 Index No.	Thurs. June 19 Index No.	Wed. June 18 Index No.	Tues. June 17 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (181)	118.64	−2.2	19.66	6.76	7.54	7.53	121.27	119.45	119.76	120.73	89.04	131.26 (6/6)	51.78 (6/1)	206.57 (4/5/72)	15.70 (13/12/74)
2	Building Materials (30)	101.54	−1.8	19.59	7.74	7.85	7.84	103.40	101.26	101.89	102.72	89.86	117.40 (22/4)	45.11 (6/1)	253.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	221.39	−2.0	17.00	4.03	8.74	8.74	225.90	224.54	226.65	227.23	141.42	251.61 (25/4)	79.74 (6/1)	389.33 (19/5/72)	71.48 (12/12/74)
4	Electricals (16)	212.19	−3.3	17.65	5.57	8.16	8.15	219.36	214.63	214.55	218.35	164.37	254.64 (4/6)	98.49 (2/1)	350.04 (4/5/72)	84.71 (25/6/66)
5	Engineering (Heavy) (13)	144.11	−1.7	24.38	7.50	6.21	6.21	146.62	145.04	144.39	144.37	96.08	159.79 (22/4)	64.39 (2/1)	202.57 (3/6/72)	64.39 (2/1/75)
6	Engineering (General) (65)	105.41	−1.8	20.85	7.65	7.04	7.04	107.35	105.93	106.20	106.65	73.56	117.40 (16/6)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (11)	42.73	−0.5	14.37	8.32	12.56	12.56	42.96	42.99	42.48	42.15	31.79	48.98 (30/5)	20.11 (2/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (23)	108.01	−2.0	22.80	7.28	6.48	6.48	110.23	109.32	109.42	110.47	83.08	121.76 (6/6)	49.65 (6/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (59)	84.95	−2.1	20.89	7.22	7.12	7.11	86.73	85.96	85.99	86.27	77.89	93.15 (6/6)	38.59 (6/1)	327.78 (21/4/72)	38.59 (6/1/75)
10	Electronics, Radio TV etc. (15)	97.45	−2.7	20.65	5.52	7.05	7.04	100.18	98.70	99.23	98.74	92.10	106.34 (6/6)	44.28 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (15)	129.52	−1.5	33.25	8.23	4.37	4.37	131.44	131.05	131.38	132.23	125.45	146.90 (25/4)	64.53 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (29)	46.50	−1.3	16.00	9.56	9.91	9.84	47.11	46.98	46.61	47.27	39.55	50.91 (6/6)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (164)	132.40	−3.3	15.29	6.25	9.35	9.30	136.92	134.50	135.30	136.38	96.81	146.45 (6/6)	61.98 (6/1)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (16)	149.41	−3.5	13.26	6.70	11.32	11.32	154.85	151.78	149.95	151.09	111.96	163.83 (6/6)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (8)	162.75	−1.7	13.83	5.77	10.66	10.66	165.62	160.37	163.00	162.91	123.23	176.43 (6/6)	80.42 (6/1)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment, Catering (16)	147.11	−2.9	15.21	7.64	9.77	9.77	151.48	148.86	148.65	148.57	107.69	158.44 (27/5)	55.28 (6/1)	329.99 (12/12/72)	54.83 (6/1/75)
17	Food Manufacturing (22)	143.79	−3.3	14.49	5.45	9.45	9.40	148.66	146.79	146.14	146.85	96.65	156.57 (6/6)	62.03 (2/1)	211.65 (1/5/72)	59.67 (11/12/74)
18	Food Retailing (16)	130.56	−5.6	12.20	4.90	11.94	11.94	135.21	133.91	135.01	137.39	85.39	149.17 (4/6)	57.15 (2/1)	235.08 (15/2/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	138.42	−2.0	17.30	6.90	8.72	8.72	141.21	140.13	141.17	140.61	118.78	152.14 (6/6)	55.08 (6/1)	260.29 (12/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	93.57	−3.7	25.78	7.30	5.72	5.73	97.13	95.63	96.27	97.04	66.64	107.12 (20/5)	43.46 (6/1)	135.69 (28/4/72)	43.46 (6/1/75)
21	Stores (30)	113.78	−4.0	12.30	5.70	12.24	12.24	118.53	117.70	119.68	119.88	79.56	132.94 (20/5)	52.63 (6/1)	204.39 (16/2/72)	52.63 (6/1/75)
22	Textiles (19)	131.73	−4.2	26.54	8.01	4.50	4.36	137.52	133.21	134.44	137.66	104.79	145.07 (27/5)	62.91 (6/1)	253.72 (17/8/62)	62.66 (11/12/74)
23	Tobacco (3)	186.51	−2.2	17.75	7.14	8.37	8.37	190.76	183.58	185.19	189.35	163.94	199.16 (10/5)	109.92 (6/1)	339.16 (2/5/72)	94.34 (13/6/62)
24	Toys and Games (6)	41.83	+0.3	30.19	7.37	4.63	4.65	41.70	41.53	42.07	41.68	33.86	44.08 (6/6)	20.92 (6/1)	135.72 (18/1/70)	20.92 (6/1/75)
	OTHER GROUPS (92)															
25	Chemicals (25)	170.77	−3.2	20.61	5.30	6.95	6.95	176.49	174.33	174.59	177.05	118.37	189.17 (6/6)	73.14 (6/1)	201.92 (31/1/69)	71.20 (11/12/74)
26	Office Equipment (10)	87.28	−0.4	16.37	6.08	8.22	8.22	87.64	87.04	87.60	88.30	89.30	104.78 (17/4)	45.34 (2/1)	246.06 (1/3/73)	45.34 (2/1/75)
27	Shipping (11)	340.75	−2.7	23.43	7.05	5.45	5.27	350.23	348.77	346.97	345.22	306.96	401.84 (16/5)	194.38 (6/1)	517.00 (1/12/72)	90.80 (29/6/62)
28	Miscellaneous (46)	137.99	−2.4	19.10	7.12	7.57	7.57	141.43	139.98	139.99	141.68	107.94	153.58 (6/6)	60.39 (6/1)	258.85 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	129.65	−2.8	17.78	6.36	8.10	8.07	133.43	131.46	131.94	133.08	97.97	143.43 (6/6)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	283.39	−2.8	25.97	5.35	4.13	3.85	291.60	287.66	287.09	288.18	190.43	296.47 (4/6)	105.83 (2/1)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	142.47	−2.8	19.05	6.20	7.05	6.90	146.62	144.49	144.88	146.03	105.84	156.14 (6/6)	63.49 (6/1)	227.95 (18/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	132.23	−3.8	—	5.47	—	—	137.43	135.75	136.29	138.10	95.34	148.45 (29/5)	56.50 (6/1)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	156.06	−5.4	23.81	5.05	6.26	6.26	165.02	160.40	160.51	165.80	117.77	177.11 (5/6)	62.56 (2/1)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	144.18	−1.5	—	8.35	—	—	146.14	146.14	146.35	148.47	115.14	169.27 (7/5)	84.13 (6/1)	293.15 (2/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	89.47	−5.5	27.89	10.13	4.77	4.37	94.68	91.25	91.07	91.07	153.97	154.39 (19/5)	42.81 (6/1)	435.78 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	106.42	−4.4	—	6.42	—	—	111.30	109.84	110.71	110.11	78.24	127.97 (22/4)	44.88 (2/1)	194.46 (1/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	106.46	−3.6	—	6.20	—	—	110.43	111.03	112.22	113.00	67.08	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (8)	193.05	−0.7	10.54	4.39	14.11	14.11	194.37	194.37	194.37	193.94	131.36	211.30 (20/5)	68.96 (1/1)	252.57 (12/12/73)	65.86 (16/12/74)
39	Merchant Banks (19)	83.30	−3.0	—	7.57	—	—	85.91	84.74	84.79	85.04	86.32	94.97 (7/5)	31.21 (7/1)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	186.48	−2.2	3.95	3.28	37.55	36.23	189.58	186.88	187.22	188.97	112.85	241.22 (22/4)	88.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (5)	71.85	−2.5	13.89	9.23	10.49	10.37	73.72	73.56	73.56	73.74	73.89	75.78 (23/4)	34.78 (10/1)	303.13 (16/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	163.51	−1.4	3.10	4.26	32.23	32.23	165.68	165.04	165.70	166.30	111.74	178.53 (6/6)	73.43 (6/1)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	140.53	−2.9	—	5.94	—	—	144.78	142.83	143.27	144.52	103.24	154.09 (6/6)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (10)	421.44	−0.4	14.07	7.81	8.89	8.86	419.91	417.34	421.75	424.31	323.49	325.45 (23/5)	281.66 (2/1)	555.37 (25/1/73)	84.68 (23/6/65)
45	Teas (10)	100.22	+3.1	19.21	9.64	6.62	6.12	97.25	97.25	97.44	96.88	94.93	100.22 (23/6)	76.76 (10/1)	121.47 (1/5/72)	59.72 (17/10/74)
46	Coppers (3)	402.63	—	48.77	18.76	2.05	2.05	402.63	407.19	407.19	403.36	368.68	407.74 (27/5)	374.58 (22/1)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	131.14	−0.2	9.31	4.03	11.76	11.72	131.38	129.83	129.92	129.66	85.35	141.34 (30/5)	80.58 (22/1)	175.90 (28/4/69)	66.51 (30/9/74)
48	Tins (8)	98.76	−1.1	10.33	8.59	12.47	10.71	97.68	100.54	102.16	102.47	79.09	114.49 (3/6)	58.91 (2/1)	125.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	214.97	−3.4	16.30	4.20	7.80	7.78	222.63	219.30	220.11	219.69	—	252.23 (20/5)	97.37 (6/1)	252.23 (20/5/75)	97.37 (6/1/75)

	FIXED INTEREST	Monday June 23 Index No.	Yield %	Friday June 20	Thurs. June 19	Wed. June 18	Tuesday June 17	Monday June 16	Friday June 13	Thurs. June 12	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.74	14.75	14.72	14.71	14.71	14.70	14.68	14.90	15.31	—	—	—	—
2	20-yr. Govt. Stocks (6)	47.52	13.69	47.18	47.20	47.22	47.24	47.26	47.33	46.63	47.41	53.09 (20/5)	38.27 (3/1)	115.42 (11/9/65)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	46.03	‡15.98	45.87	45.76	45.76	45.74	45.75	45.79	45.77	44.47	50.68 (21/5)	37.01 (3/1)	115.45 (23/10/65)	37.01 (3/1/75)
4	Investment Trust Prefs. (15)	41.40	16.74	41.54	41.54	41.63	41.58	41.58	41.92	41.87	43.37	46.57 (22/5)	35.85 (3/1)	114.41 (15/9/65)	34.45 (4/12/74)
5	Coml. and Indl. Prefs. (20)	58.80	16.02	58.88	58.83	58.26	58.08	57.70	58.42	58.51	56.43	66.98 (30/5)	48.35 (3/1)	114.95 (7/10/65)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	16/1/70	144.76	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	162.78	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20			

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By inland post 15p. Commonwealth 18p, Foreign 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	16	272	−12	302	118
Glaxo 'New'	Nil/pd.	13	146*	−14	192*	146*
Shell Transport	25p	13	308	−11	343	118
GUS 'A'	25p	12	171	−10	226	86
Selection Trust	25p	12	565	−25	695	322
GKN	£1	10	232	−13	277	95
Marks & Spencer	25p	10	209	−9	256	95
Phoenix Ass. 'New'	Nil/pd.	10	20*	—	27*	17*
Unilever	25p	10	366	−18	408	170
Barclays Bank	£1	9	290	−13	323	112
BP	£1	9	520	−12	535	190
Ladbroke	10p	9	156	−5	176	56
Prudential 'New'	Fly./pd.	9	117	−7	133	116
Boots	25p	8	225	−14	276	91
Bowater	£1	8	160	−10	185	50

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jun. 24	July 7	Sept. 18	Sept. 30
July 8	July 21	Oct. 8	Oct. 14
July 22	Aug. 4	Oct. 16	Oct. 28

"Calls" were done in Reckitt and Colman, Letraset, EMI, Dunhill, Plessey and J. H. Fenner. No "puts" were reported, while a "double" was arranged in ICI.

Industrials		Grand Met.	9	Slater Walker	13		
		G.U.S. 'A'	20	Spillers	7	Mines	
A. P. Cement	20	Guardian	20	Tesco	6	Anglo Amer.	50
Assoc. Leisure	5	G.K.N.	28	Thorn 'A'	20	Broken Hill Pr.	75
Barclays Bank	35	Hawker Sidd.	30	Tube Invest.	30	Charter Cons.	22
Beecham	28	House of Fraser	10	Unilever	40	Chart'rh'll Fin.	8
Boots Drug	24	Hudson Wllms	5	Utd. Drapery	12	Cons Gold	26
Bowaters	20	I.C.I.	24	Vickers	16	De Beers Def.	25
B.A.T.	55	"Imps"	7	Woolworths	6	F. S. Geduld	350
British Leyland	1½	I.C.L.	7			Great Boulder	12
British Oxygen	6	Inveresk	10	Property		Hampton Areas	15
Burton 'A'	9	Legal & General	17	Cap. Counties	7	Hampton Prop.	4
Cadburys	6	Lloyds Bank	30	E.P.	11	Kloof	140
Courtaulds	14	"Lofs"	7	Int. Europe	7	Lonrho	19
Debenhams	11	"Mams"	9	Land Securities	22	Loraine	55
Distillers	15	Marks & Sp'ncer	25	Peachey	7	Metals Explor.	8
Dunlop	6	Midland Bank	32	Town & City	6	Poseidon	55
Eagle Star	16	Nat'l West Bank	30	Town & Comm.	7	Pres. Steyn	275
E.M.I.	20	P & O Dfd.	16			Rio T. Zinc	20
First National	5	Plessey	10	Oils		Welkom	56
G.R.A. Trust	7	R.H.M.	7	Brit. Petroleum	45	West Areas	75
Gen. Accident	16	Rank Org. 'A'	25	Burmah Oil	6	Western M'ng.	15
Gen. Electric	14	Reed Int'l	28	Shell	30	Zambia Copp	10
Glaxo	40			Ultramar	21		

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (22)

BRITISH FUNDS (1)
Electric 3pc. '74-77

CORPORATION LOANS (1)
London Corp. 6½pc 1975-78

COMMONWEALTH & AFRICANS (1)
Australia 6pc '74-76

AMERICANS (4)
Amax — Fluor Corp.
Exxon — Quaker Oats

CANADIANS (1)
Rio Algom

BANKS (1)
Joseph (Leo.)

DRAPERY & STORES (1)
Dewhurst

ENGINEERING (2)
Doncaster (D.) — Shaw Francis

INDUSTRIALS (2)
Cowan de Groot — Cowan de Groot 'A'

TEXTILES (2)
Dixon (David) — Haggas (J.)

TRUSTS (3)
Delta Inv. — Massmutual Mort.
Icofund

TEAS (2)
Cons. Tea & Land — Teith Holdings

MINES (1)
Botswana RST

NEW LOWS (6)

BUILDINGS (1)
Atlas Stone

ENGINEERING (1)
Whitehouse (G.)

INDUSTRIALS (1)
Utd. Industrial

NEWSPAPERS (1)
Home Counties

PAPER, PRINTING (1)
Culter Guard Bridge

MINES (1)
Poseidon

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	33	6	14
Corpns. Dominion and Foreign Bonds	4	—	68
Industrials	143	574	1,034
Financial and Prop.	38	259	317
Oils	3	14	15
Plantations	7	2	39
Mines	40	38	73
Recent issues	6	14	38
Totals	274	907	1,598

MONEY MARKET

Higher interest rates

Bank of England Minimum Lending Rate 10%
(Since May 2, 1975)

Short-term interest rates in the London money market rose in general yesterday. The one-month sterling certificate yield, for instance, increased to 9⅜-9½ per cent., from Friday's 9⅜-9⁷⁄₁₆ per cent., the three-month rate rose to 9⅝-9¾ per cent., from 9½-9⅝ per cent., and the 12-month to 10⅝-10⅞ per cent., from 10⅜-10⅝ per cent. Day-to-day credit was in short supply, and the authorities gave a moderate amount of assistance by buying Treasury bills from the Discount houses. Banks held net maturities of Treasury bills, and there was a fall in the note circulation, but revenue transfers to the Exchequer were appreciably greater than Government disbursements, and gilt-edged settlements again worked against the market's favour.

Discount houses bid 9-9½ per cent. for secured call loans in the earlier part, but found later balances in places at 7½-8¼ per cent. It seemed possible that banks might have carried over a certain surplus, but that any such surplus would be absorbed by adverse factors arising to-day. In the inter-bank market, overnight loans were in a range in places of 8-9¾ per cent.

Rates in the table below are nominal in some cases.

June 23 1975	Sterling Certificates of deposits	Inter-bank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposits	Company deposits	Discount market deposits	Treasury bills ♦	Bank bills ♦	Fine trade bills ♦
Overnight	—	8-9¾	9-9½	—	—	9⅛-10¼	7¼-9½	—	—	—
2 days notice	—	—	9-9¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	9¼-9½	9¼-9½	—	10-10½	—	9-9¼	—	—	—
One month	9⅜-9½	9¼-9½	9¼-9½	10¼-9¾	10-10½	—	8⅞-9¼	9⅜-9¼	9½	9¾-11
Two months	9⅝-9¾	9⅝-9⅞	—	10¼-9½	10¼-10¾	—	9-9¼	9⅜-9⅝	9⅝-9⅝	10-11
Three months	9⅝-9¾	9½-9¾	9⅝	10¼-9½	10½-11	—	9¼-9⅝	9⅝-9½	9⅝-9⅞	10-11
Six months	10⅛-10	9⅞-10⅛	9⅞-10	10¼-9¾	—	—	—	—	9⅞	10⅝-11¼
Nine months	10⅛-10⅞	10⅛-10⅝	—	11-10½	—	—	—	—	—	—
One year	10⅞-10⅝	10⅞-10⅞	11⅛-11½	11¾-11¼	—	—	—	—	—	—
Two years	—	—	12⅞-13	—	—	—	—	—	—	—

† Local Authority and finance houses seven days' notice; others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13¼-13½ per cent.; four years 14-14¼ per cent.; five years 14¼-14½ per cent. ♦ Bank bill rates in table are buying rates for prime paper; buying rates for four-month bank bills 9¾ per cent.; and four-month trade bills 10½-11 per cent. Approximate selling rates for one-month Treasury bills 9⅛-9⁵⁄₃₂ per cent.; two-month 9⅜-9¼ per cent.; three-month 9⅛-9¼ per cent. Approximate selling rates for one-month bank bills 9⅞-9⅜ per cent.; two-month 9⅞-9¼ per cent.; and three-month 9¾-9⅞ per cent.; for one-month trade bills 9¾-10¼ per cent.; two-month 9¾-10¼ per cent.; and three-month 9¾-10¼ per cent. Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice: 6½ per cent. Clearing Banks Base Rates for lending: 9½ per cent. Treasury Bills: Average tender rate of discount 9.4074 per cent.

BASE LENDING RATES

AFI International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10½%
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10½%
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	*9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	10½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	12½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
Morris Wigram Ltd.	10½%
National Westminster	9½%
Northern Commn. Trust	11½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	11 %
Trade Development Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposit 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7½%.
‡ Deposit Base Rate 8½%.
§ Demand deposit 7½%.

I.G. INDEX
GOLD 160-163

CORAL INDEX
Close 315-320

INSURANCE BASE RATES

† Atlantic Assurance ... 11½%
Cannon Assurance ... 9 %
† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

(a)(g) G. and A. Un. Tst. Mgrs. Ltd.♥
5, Rayleigh Rd., Brentwood. (0277) 227300
G. & A. 22.0 23.5 −0.5 5.56

The British Life Office Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271
British Life 37.8 39.4 −0.7 5.52
Balanced* 28.5 30.2 ..... 4.95
Capital* 31.1 32.9 ..... 5.37
Dividend* 26.7 28.2 ..... 9.84
Prices on June 18. Next dealing June 25.

Gartmore Fund Managers♥
2, St. Mary Axe, EC3A 8BP. 01-283 3531
British Trust 32.4 34.8 −0.7 4.51
High Income Tst. 28.4 30.5 −0.2 12.70
(Z)Overseas Tst. 25.2 27.1 +0.4 1.55

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share es previously shown under regional headings is presented below with quotations London. Irish issues, most of which are not officially listed in London, are en separately and with prices as on the Irish exchange.

my Inv. 20p	14	......	Gardner (L.)	65	+1	Shiloh Spinn	23	......
Spinning	34	......	Graig Ship £1	470	......	Sindall (Wm.)	43	......
am	17	......	Hallam Sleigh 10p	9	......	Vincent (H.)	83	......
ly (G.) 'A'	51	......	Higsons Brew.	88	......	IRISH		
wtr. Est. 50p	£125	......	I.O.M. Stm. £1	118	......			
er Croft	35	......	Holt (Jos.) 25p	185	......	Alliance Gas (£1)	47½	......
g & Rose £1	312	......	Kleen-e-Ze	28	......	Carroll (P.J.)	110	−2
dee lee £1	295	......	Lovell's Ship £1	125	......	Clondalkin	50	−2
on (R.A.)	31	......	Nthn. Goldsmith	74	......	Concrete Prods.	72	......
s & McHdy.	57	......	P.M.A.	43	......	Goodbody (£1)	38	......
ns Fr'k. 10p	30	......	Pearce (C. H.)	60	......	Heiton (Hldgs.)	30	+2
red	13	......	Peel Mills	17	......	Irish Distillers	58	+2
Forge	48	......	Richards 10p	8	......	Irish Wire	40	......
lay Pkg. 5p	16	......	Robt. Caledon 5p	43	......	Jacob	49	......
st & Reed 50p	90	......	Sayers 12½p	9	......	Sunbeam	11	−2
diner & Sons	11½	......	Sheff. Refrshmt.	250	......	Unidare	64	......

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 70¾% (based on $2.2715 per £)

CANADIANS

S.E. List Premium 70¾% (based on $2.2330 per £)

Conversion factor 0.5890 (0.5869)

††BANKS AND HIRE PURCHASE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's	P/E
22	12	AldermaSee 10p	13½	+½	13.4	2.1	15.3	4.3
235	135	Alexanders D. £1	187	......	10.9	—	9.0	—
£114	£67	Algemene Fl.100	£99½	......	Qh20	1.8	3.5	21.6
400	190	Allen Harvey £1	300	+10	13½	—	6.9	—
142	45	Allied Irish	116	−6	Q25	—	5.4	—
62	14	Anglo Contnl	55	−7	—	—	—	—
185	95	Arbuthnot L. £1	170	+5	7.6	—	7.1	—
430	170	Aust. & N.Z. £1	400	......	†9.1	—	3.5	—
£57	£21¼	BankAmer $3.125	£34¼	+⅛	Q$1.48	—	1.9	—
30	22½	Bk. Hapoalim I£1	30	......	Qsh9.4	—	2.2	—
520	180	Bk. Ireland £1	445	−10	Q24	—	5.4	—
*23	18½	Bk. Leumi A I£1	22	......	Q16	—	5.3	—
230	180	Bk Leumi (UK) £1	220	......	7¼	—	5.2	—
720	370	Bk. N.S.W. $A2	610	−5	Q28c	—	2.6	—
295	104	Bank Scotland £1	238	−12	8.3	3.8	5.4	7.5
£71¾	£20⅝	Bankers N.Y. $10	£29¼	+⅛	Q$3.00	—	3.5	—
325	112	Barclays £1	290	−13	8.3	4.7	4.4	7.0
73	19	Bates (Edward)	58	−2	‡20	2.1	‡	5.4
68	18	Bowring (C. T.)	59	−3	8.4	1.2	5.5	22.7
178	75	Brown Shipley £1	170	......	6.9	—	6.3	—
9	4	Bryanston	7	......	♦‡d4.4	—	‡	—
24	14	Burston Group	18#	......	†13.2	2.4	38.3	2.2
265	110	Cater Ryder £1	225	−2	14.4	—	9.8	—
13	13	Cedar Hldgs. 20p	13#	......	‡7	1.5	‡	6.1
*285	149	Com'l Aus. ($A1)	235	−5	†Q14	—	3.4	—

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's	P/E
38	20	Johns'n & B.12½p	34	......	d11.7	3.1	6.6	(13.0)
46	20	Johnson Clnrs.	32	......	8.7	2.6	10.5	9.0
345	120	Johnson Mth. £1	205xd	−5	10.2	φ	5.5	φ
41	18	Judge Int.	29	......	7.6	3.6	10.1	4.3
27	14½	Kalamazoo 10p	22	−2	16.2	2.7	11.3	5.0
47	20	Kelsey Ind. 12½p	38	......	d19¾	4.7	10.0	3.3
17	9	Kennedy Sm. 10p	16½	+½	14.4	1.0	13.4	11.1
[illegible]70	325	Kershaw (A.) 5p	750	......	240.1	0.7	2.5	126.6
200	66	Kleeman	195	......	15.6	4.1	3.1	12.3
39	15	Kode Int.	27	......	4.9	φ	7.0	φ
59	24	L.C.P. Hldgs.	45	−2	11.2	2.3	9.5	6.7
21	11	L.K. Ind. Inv.	17	......	d7.8	φ	17.7	φ
30	13½	L.R.C. Int. 10p	28	−1½	26.7	1.9	14.7	5.0
101	56	Lamson Inds.	82	−½	11	3.5	5.1	8.0
40	30	Lawtex	31	......	10.3	4.2	12.8	2.3
118	48	Lead Inds. 50p	104	−4	9.4	5.9	6.9	3.8
40	17	Le Bas (Ed.)	30	......	5.5	6.9	7.1	3.1
40	15	Lebof Fobel 10p	36xd	......	10.3	φ	4.4	φ
43	19	Lebus Harris	35	−2	8	0.2	8.8	—
21	12	Leigh (L.) 5p	21	......	14.7	5.8	5.4	4.9
71	35	Leisure Car. 10p	69	−1	44.2	φ	10.3	φ
160	59	Lep Group 10p	160	......	23.6	9.4	2.5	5.6
27	12	Lesney Prods. 5p	19	......	15.5	7.0	6.4	2.9
43	13	Letraset 10p	33	−1	12.3	6.8	5.7	3.1
20½	5½	Liden 10p	14½	......	1.7	2.4	1.8	29.2
45	17	Light & Leis. 10p	37	−1	‡23.6	3.6	10.5	4.5
50	35	Lindsay & Wms.	43	−4	12.2	3.6	11.0	3.9
62	28½	Lindustries	52	−1	†15	3.4	11.3	3.8
51	33	Lipton (L.)	48	......	9.6	3.9	7.7	5.1
47	11	Lloyds Ind. 10p	42xd	......	30	2.0	11.0	7.0
45	15¼	Lon. & Nthn. Sec.	39	−2	13	φ	13.5	φ
15	8	Long Hmbly. 10p	10½	......	11.7	3.8	17.2	2.4
26	19	Longton Trans.	22	......	10.5	12.3	18.4	3.6
65	28	Lonsdale Univsl.	54	......	14.5	3.3	10.5	4.4
195	82	Low & Bonar 50p	175	−3	16.6	3.8	7.3	5.2

INDUSTRIALS—Continued

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
15	13	Wood & Sons 5p	13	......	9.8	3.5	6.1
13½	7	Wood Arthur 5p	11½	......	13.3	3.6	8.9
13	8	Wood (W.) 10p	11	......	‡8¾	—	‡
99	29	Wood Hall	86	+4	T16.1	16.1	7.2
7¼	4	Yatton Furn. 5p	6¼	......	φ6.3	2.3	7.2
27½	14	Zetters 5p	21	......	17.7	4.5	6.5

††INSURANCE

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
65	30	Brentnall Bd. 10p	47	−3	29.2	3.0	9.6
154	60	Britannic 5p	136	−2	140	—	7.9
970	440	Comb. Ins. Am.$1	820	+10	†Q60c	—	3.2
194	72	Comm. Union	164	−7	27.4	—	6.4
148	44	Eagle Star	118	−5	18.4	—	6.0
186	50	Equity & Law 5p	148	−5	102	—	5.3
174	67	Gen. Accident	145	−10	21.6	—	5.7
224	83	Guardian Royal	199	−6	b31	—	6.0
180	54	Halford Sh'd 10p	175	......	54.4	3.0	4.8
232	82	Heath (C.E.) 20p	212	......	30½	3.5	4.4
152	47	Hogg Robinson	138	−2	14.6	3.0	4.2
138	30	Howden (A.) 10p	128	......	21.7	4.2	2.6
150	48	Legal & Gen. 5p	124	−6	¶87.2	—	5.6
125	33	Les. & Gdwn. 10p	105	−3	33.9	2.3	5.0
143	48	Lon. & Man. 5p	108	−4	87	—	6.2
178	63	Matthews Wr. 20p	155	−3	36.9	1.6	7.3
158½	49½	Minet Hldgs. 20p	133	−2	h10.8	4.2	2.5
240	93½	Pearl 5p	194	−6	192	—	7.6
*230	87	Phoenix	200xr	−12	132.9	—	6.3
125	60	Provident "A"	125	......	24.5	—	7.5
125	60	Do. "B"	125	......	24.5	—	7.5
*142½	52	Prudential 5p	117	−7	‡101.4	—	6.7
130	48	Refuge "B" 5p	120	......	125	—	6.0
339	125	Royal	298	−10	50.2	—	6.5
250	99	Sedg. Forbes 10p	231	......	‡73.2	1.8	4.9

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1975 High	1975 Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
115	75	Colby Mines $1	75¢	....	—	—	—
760	360	Cons. Murch. 10c	730	−10	‡Q130c	2.2	‡
53½	29½	Laurasia	38½	......	—	—	—
19	13	NRD $1	15	.....	—	—	—
375	200	Northgate C$1	275	...	Q65c	1.0	10.2
211	80	R.T.Z.	189	−1	19.9	4.9	4.3
135	47½	Sabina Inds. C$1	86½	−2½	—	—	—
70	51	Stanford Mines Il	67	...	—	—	—
£12½	875	Tara Explo. $1	£10½	−⅛	—	—	—
75	38	Yukon Cons C$1	60	+2	—	—	—

NOTES

Unless otherwise indicated, prices are in pence, denominations are 25p and dividends are in net percentage terms. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to corporation tax of 52 per cent. and ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- φ Figures or report awaited.
- †† Banks and Insurance reserve allocations may preclude calculation of dividend cover.
- ✗ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1973-74. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 27

FINANCIAL TIMES
Tuesday June 24 1975

Amin extends execution deadline

BY MALCOLM RUTHERFORD

PRESIDENT Idi Amin of Uganda yesterday gave the British lecturer, Mr. Dennis Hills, a stay of execution of another 11 days, but insisted that the execution will go ahead if Mr. James Callaghan, the Foreign Secretary, does not go to Kampala for talks in the meantime.

The decision places Mr. Callaghan in an acute dilemma. He already rejected advice from within the Foreign Office that he should have gone to Uganda last week-end and seemed to be justified on Sunday when reports came through of an imminent reprieve. Now the process of diplomatic brinkmanship is on again with Britain having few cards left to play except the Foreign Secretary's visit.

The announcement of the stay of execution came in a special broadcast on Radio Uganda. The decision was taken at a meeting of the Defence Council, the country's top policy-making body.

In London, the Foreign Office had been fairly confident that the Council would agree to a reprieve following Mr. Hills's letter of apology to President Amin, and that this would be announced to the Queen's special representative, Lieutenant-General Sir Chandos Blair. Hopes faded, however, as the meeting went on unexpectedly long.

After the broadcast, President Amin himself conveyed the message to General Blair. According to Radio Uganda, he said he had only postponed the execution because of his personal respect for the General and the Queen. He repeated the demand for Mr. Callaghan to have talks in Uganda.

The Radio also said General Blair had threatened that Britain would use its forces in Kenya against Uganda as a retaliatory measure. This report was "utterly refuted" by the Foreign Office in London. Britain has only a few dozen military men in Kenya and no active units near by.

Nevertheless, the Radio added that all Ugandan military units had been ordered to be ready for any contingency. Shortly afterwards, telephone links between Uganda and Kenya were cut off.

General Blair and his companion, Major Iain Grahame, were last night due to leave Uganda for London bearing a letter, the contents of which are unknown, from President Amin to the Queen. They were expected to report personally to Mr. Callaghan early this morning at RAF Northolt where he will be leaving for to-day's meeting of the Common Market Council of Ministers in Luxembourg.

Accusations

Both officers were chosen for their mission because they were old staff colleagues of President Amin. Their initial warm welcome, however, yesterday gave way to accusations on Radio Uganda that General Blair had been "undiplomatic, hot-tempered and drunk" during his visit.

Mr. Callaghan, meanwhile, was preparing a late night statement to the House of Commons, but was not expected to depart very far from the policy he laid down in his statement to the House on June 16.

The Foreign Secretary then refused to go to Uganda under duress, but added: "But if, as I hope, humanity prevails in the cases of Mr. Hills and Mr. Smolen, I should be very willing to discuss with President Amin in the near future the state of relations between our two countries."

The Smolen case, which concerned another British subject, has since been resolved by Mr. Smolen's acquittal. But Mr. Callaghan still believes that to go to Uganda now would be acting under duress.

He is understood to regard it very much as a personal decision for him. The refusal to act under duress is his own and he appears determined to stick to it, in spite of warnings that he may be taking brinkmanship too far, and could even endanger the position of the 700 or so Britons remaining in Uganda.

Rhodesia peace bid: Ennals in S. Africa

BY GRAHAM HATTON JOHANNESBURG, June 23.

MR. DAVID ENNALS, Minister of State at the Foreign Office, to-day arrived at Jan Smuts airport here to launch yet another British effort to settle the Rhodesian dispute.

After flying to Lourenço Marques to-morrow to attend Mozambique's independence celebrations (to which Pretoria is not invited), Mr. Ennals is expected to return to the South African capital later in the week for talks before travelling to Salisbury.

On arriving he said one of the chief objects to his trip was to hold talks with Mr. Ian Smith, the Rhodesian Premier, and the African National Council on ways of making progress towards a constitutional settlement. This latest British initiative comes amid growing uncertainty over South Africa's likely stance towards Rhodesia should the guerrilla war there escalate and the economic recession worsen.

S. African role

Mr. Ennals' trip comes only hours after Dr. Connie Mulder, the South African Minister of Information, had repeated Pretoria's hope that a political solution in Rhodesia would come sooner rather than later. Dr. Mulder made this point in a radio interview last night in which he emphasised however that it was not South Africa's policy to interfere with the internal affairs of other countries.

Mr. Ennals will no doubt seek to clarify Dr. Mulder's remarks in the course of his discussions in Pretoria, for the role South Africa is prepared to play in hastening a peaceful Rhodesian solution is vital. The South African Railways have already indicated that they will not help to export Rhodesian chrome or maize—both important foreign exchange earners — should Frelimo deprive Rhodesia of the use of Lourenco Marques and Beira. And there is believed to be strong reluctance among South African businessmen to falsify country-of-origin export documents.

Angola peace agreement breakdown feared, Page 5; Mozambique independence, Page 23

Weather

U.K. TO-DAY

DRY and warm in the south, after overnight rain; sunny spells. Cooler and cloudy in the north, with some isolated drizzle mainly on west coasts.

London, S.E., Cent. S. and Cent. N. England, Midlands
Dry, sunny intervals. Wind light and variable. Rather warm. Max. 23C (73F).

E. Anglia, E. England
Mostly dry. Cloudy at first, some sunny periods developing inland. Wind mostly N.E. light to moderate. Max. 20C (68F); cooler near coasts.

Channel Is., S.W. and N.W. England, Wales
Dry with sunny intervals. Wind light and variable. Rather warm. Max. 20C (68F).

Lakes, I. of Man, S.W. Scotland, Glasgow, Cent. Highlands
Dry at first, sunny periods; cloudy later, perhaps some rain in evening. Wind mostly W. moderate. Max. 18C (64F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland
Mostly dry, sunny periods. Wind W., moderate. Rather warm. Max. 19C (66F).

Argyll, N.W. Scotland, N. Ireland
Rather cloudy, rain at times. Wind W., moderate or fresh. Max. 15C (59F).

Orkney, Shetland
Mostly dry, sunny periods. Wind W. fresh. Max. 13C (55F).

Outlook: Generally unchanged; rain at times in the north-west.

Lighting up: London 21.51, Manchester 22.12, Glasgow 22.37, Belfast 22.34.

Pollen count: London 159, very high. Forecast: lower.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	F	29	84	Luxembrg	C	20	68
Amstrdm	S	24	75	Madrid	S	28	82
Athens	S	28	82	Manchestr	S	24	75
Bahrain	S	35	95	Melbourne	C	9	48
Barcelona	S	24	75	Mexico C.	S	20	68
Beirut	F	26	79	Milan	F	26	79
Belfast	F	19	66	Montreal	S	26	80
Belgrade	S	29	84	Moscow	S	23	73
Berlin	S	28	82	Munich	S	23	73
Birmgham	S	22	72	Newcastle	C	23	73
Bristol	F	23	73	New York	Hz	21	71
Brussels	C	19	66	Oslo	S	26	79
Budapest	F	28	82	Paris	R	15	59
B. Aires	S	15	59	Perth	R	12	54
Cairo	S	32	89	Prague	S	27	81
Cardiff	S	22	72	Reykjavik	R	7	45
Cologne	C	22	72	Rio de J'o	S	20	68
Copnhagn	S	24	73	Rome	S	25	77
Dublin	C	17	63	Singapore	S	31	87
Edinburgh	C	20	68	Stockholm	S	23	73
Frankfurt	C	24	75	Strasbourg	C	22	72
Geneva	S	21	70	Sydney	C	16	61
Glasgow	F	19	66	Tehran	S	34	93
Helsinki	F	19	66	Tel Aviv	F	25	77
H. Kong	S	31	87	Tokyo	S	23	73
Jo'burg	S	21	70	Toronto	S	23	73
Lisbon	F	25	77	Vienna	S	29	84
London	C	18	64	Warsaw	C	23	73
				Zurich	F	18	64

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	S	24	75	Jersey	C	18	64
Algiers	F	24	75	Las Palmas	F	22	72
Biarritz	Dr	17	63	Locarno	C	21	70
Blackpool	S	19	66	Luxor	S	35	95
Bordeaux	C	21	70	Majorca	S	27	81
Boulogne	C	14	57	Malaga	S	23	73
Casablnca	F	21	70	Malta	S	29	84
Cape Tn	C	20	68	Nairobi	S	22	72
Corfu	S	29	84	Naples	S	25	77
Dubrovnik	F	27	81	Nice	S	21	70
Faro	S	24	75	Nicosia	S	26	79
Florence	S	27	81	Oporto	F	30	86
Funchal	F	22	72	Rhodes	S	27	81
Gibraltar	S	23	73	Salzburg	S	23	73
Guernsey	F	16	61	Tangier	S	28	82
Innsbruck	S	25	77	Tenerife	F	19	66
Inverness	C	17	63	Tunis	S	27	81
I of Man	F	19	66	Valencia	S	26	79
Istanbul	R	20	68	Venice	S	27	81

S—Sunny. F—Fair. Hz—Hazy. C—Cloudy. Dr—Drizzle. R—Rain.

Muzorewa cancels trip to Lourenco Marques

By Tony Hawkins SALISBURY, June 23.

THE President of the African National Council, Bishop Abel Muzorewa, to-day cancelled his planned trip to Lourenco Marques to attend the Mozambique independence celebrations.

He claimed that trained instigators "are planning a country-wide strike and large-scale disturbances in Rhodesia this week." The Bishop said in a statement to-night that he had decided to stay in the country "in case I am needed for any crisis."

Only three members of the originally-selected 10-man delegation who have travel papers left for Lourenco Marques.

The Rhodesian Government promptly denounced the Bishop's statement as "complete and utter nonsense and absolutely false."

A Government spokesman urged the Bishop to use his position as head of the ANC to bring an end to the "murder by terrorists of innocent Africans in the tribal areas."

In many ways the most significant aspect of Bishop Muzorewa's statement accusing the Government of seeking to promote factional violence within the ANC by training instigators at Chikurubi and Norton near Salisbury, is the fact that it comes close to supporting charges levelled yesterday against the Smith Government and Mr. Joshua Nkomo, leader of the ZAPU faction within the ANC, by Dr. Edson Sithole, publicity secretary of the council.

In a document circulated on Sunday and subsequently denied by Mr. Nkomo and by the Government, Dr. Sithole claimed there was a conspiracy between the nationalist leader and Mr. Smith to establish a multi-racial capitalist government in Rhodesia.

Dr. Sithole claimed that Mr. Nkomo will ask Mozambique not to close its borders with Rhodesia when he sees President Machel this week, and Zambia will back him.

Mr. Smith, for his part, will ensure that Mr. Nkomo becomes leader of the ANC by arresting all ZANU members who are likely to vote against Mr. Nkomo at Congress, the document alleges.

In his more moderately worded statement, the bishop also claims there is a "conspiracy between the Government and certain agitators" aimed at splitting the ANC and eliminating certain members of the council.

The bishop claimed there had been a murder plot which had led to the bombing of his home—when he was away—on June 7.

Spectator magazine to be sold

By Lorne Barling

THE SPECTATOR, the weekly magazine, is to be sold to Mr. Henry Keswick, former chairman of Jardine Matheson, the Far East trading company, it was announced yesterday.

Mr. Harry Creighton, who has owned the paper since 1967, will continue as editor until August 1, when Mr. Alexander Chancellor takes over. The staff of 15 will be invited to continue in their present jobs.

Announcing the sale, for an undisclosed sum, Mr. Keswick said: "The Spectator will continue to be run on a commercial basis as an independent weekly review of political, economic and literary events."

It was pointed out that new premises will have to be found since the Gower Street offices have been sold for around £160,000. Mr. Creighton paid £74,000 for the Spectator when he bought it from Mr. Ian Gilmour, the Conservative MP for Central Norfolk.

Mr. Chancellor, 35, worked for Reuters in Paris, then as chief correspondent in Rome, before becoming economic affairs editor in London.

Men and Matters, Page 14

Bill easing penalties at Clay Cross wrecked by Lords

BY JOHN HUNT

THE GOVERNMENT Bill to lift the surcharge imposed on the Clay Cross councillors for failing to observe the Conservatives' Housing Finance Act 1972 was almost entirely wrecked by the Tories in the House of Lords last night.

They inflicted four overwhelming defeats on the Government during the Lords committee stage of the Housing Finance (Special Provisions) Bill, thus reversing the main provisions of the legislation.

The Bill removed the surcharge on the councillors, which was originally put at about £7,000 per head. By a majority of 94 (146—52) the Lords passed a Tory amendment reinstating the surcharge up to a limit of £1,000.

Another clause in the Bill would have allowed the district auditor to lift the disqualification which prevented the councillors from standing for election to a local authority. A Conservative amendment, passed by a majority of 107 (148—41) knocked out this clause entirely.

Reverse

There was also a severe reverse for the Government on Clause 3 of the Bill, which stated that any rent lost through non-observance of the 1972 "Fair Rents" Act could be charged to the general rate fund. Again, this was thrown out of the Bill as a result of the Conservative amendment, which received a majority of 88 (140—52).

The Government was defeated by 84 (132—48) on an amendment which ensured that the burden of recovering any losses on the housing reserve account should be borne solely on the rent bill of the area which benefited by the original default.

As a result of this battering, all the main points of the Bill—the lifting of the surcharge and disqualifications, and the placing of the financial onus on the ratepayers — have been reversed by heavy majorities.

Truncated

The Bill in its severely truncated form will now go on to report stage and third reading in the Lords, and the Government is unlikely to try and reinstate the clauses in the legislation at that point.

It then goes back to the Commons for consideration of the peers' amendments, and at that stage the Government will certainly try to reinstate the Bill in its original terms. Though it has every chance of succes in this, there will certainly be a further bitter struggle over the controversial legislation. The Conservatives in the Commons will seize the opportunity to oppose the passage of the Bill.

In addition to Clay Cross councillors, the legislation affects 400 other councillors throughout the country who are in a similar position over the 1972 Act.

Threat to close Port Talbot works

BY LORELIES OLSLAGER, LABOUR STAFF

BRITISH STEEL Corporation warned yesterday that it will close officially the huge Port Talbot works, centre of its expansion plans in Wales, from next Sunday if the strike by several thousand production workers there continues.

All production at the plant has in effect already come to a halt, but closure will mean that the 5,000 or so production workers not on strike will be laid off until further notice.

The closure threat was made as the men's union, the Iron and Steel Trades Confederation, was meeting BSC in London to discuss a 30 per cent. pay claim for its 75,000 members employed by the Corporation.

The claim, one of the last annual negotiations outstanding in the public sector, also includes a call for a threshold arrangement for the coming year.

BSC has already rejected the claim at an earlier meeting, but apparently did not make a firm counter-proposal yesterday. The talks were adjourned until Thursday after eight hours of discussions. Corporation officials declined to reveal any details of the talks, but stressed that there was no question of a breakdown.

One possibility for a solution could be the conclusion of an agreement for seven months only, as has already been done by the 35,000 craftsmen employed by BSC.

The Port Talbot dispute will be raised with the Corporation to-morrow. The ISTC executive, according to general secretary Bill Sirs, is "incensed" at BSC's decision to abolish week-end shift work at Port Talbot and other plants in the wake of the cost-saving programme agreed with the unions in order to avoid massive redundancies.

The abolition of week-end shift work is one of the reasons for the Port Talbot strike, which according to the management has now brought out some 4,000 people. The union claims that 5,000 men have stopped work. It says that the abolition of week-end work means a loss of about £15 to £20 in members' weekly pay.

Altogether about 14,000 people are employed at the plant. If the works are closed, only some 4,000 staff and safety workers will be retained on duty.

Teesside fights for plant Page 8

Benn and Shore due at EEC meetings this week

BY REGINALD DALE BRUSSELS, June 23.

THREE SENIOR British Ministers are due in Luxembourg this week for the first major series of EEC Ministerial meetings since the U.K. referendum. Two of them, Mr. Anthony Wedgwood Benn and Mr. Peter Shore, were campaigning vigorously for a "No" to the Common Market until earlier this month.

Mr. Wedgwood Benn, in his new role as Energy Secretary, will be attending an important meeting of the Council of Energy Ministers on Thursday and the other countries are waiting eagerly to see what his approach will be towards plans for a common energy policy.

Mr Shore, the Trade Secretary, will be accompanying Mr. James Callaghan, Foreign Secretary, at to-morrow's meeting of Foreign Ministers.

Mr. Callaghan, who was in charge of renegotiating Britain's entry terms, is expected to say "a few well chosen words" about the U.K.'s attitudes to Europe, now that the referendum is over, but is not likely to announce any major new British initiatives.

Nor are the Foreign Ministers expected to take any far reaching decisions at their Council meeting, although a number of important issues are on the agenda. The Council is due to have its first discussion of Greece's formal request to become a full EEC member and review relations with the Mediterranean in general. Portugal, too, is bound to be raised.

The Ministers are due to prepare for next month's EEC Summit in Brussels and consider proposals for a new Community raw materials policy.

Editorial comment, Page 14

Continued from Page 1

Controls on top salaries

restraint with its pay restraint proposals.

On price subsidies, however, there was no indication last night that the reference in the Liaison Committee statement on the need for subsidies heralded any immediate change in the Government's policy, announced in the Budget, for phasing them out on food and nationalised industry next year.

All those involved in the talks accepted that there would be no immediate decision on this, but the idea was pushed that the Government should accept the need for subsidies across a wide field and not just affecting food prices and nationalised industries. These would include the employment subsidies to induce companies not to declare workers redundant, which were also mooted in the Budget and which will be introduced through the Employment Protection Bill, as well as possible subsidies affecting rent and rates.

During the talks, Mr. Jack Jones floated his idea of a price freeze but much of the discussion centred around other detailed TUC ideas for improving the effectiveness of price restraint.

These include the Government devising a basic shopping basket of 30 key goods. Every shopkeeper would then have to display the typical price ranges of these goods and the prices at which he was offering them for sale. The TUC also says that "every pub should publish price lists which would help put a stop to overcharging" and also calls for more pricing of goods according to their unit of weight as well as their total price.

In addition, the TUC is calling in its social contract document for the control of profit margins with "measures which will avoid a big increase in absolute profits."

Now attention swings to to-night's meeting of TUC and CBI leaders when attempts will be made to develop common ground on the urgent need for anti-inflationary measures into a potential wages agreement that could be presented to the Government.

Then, to-morrow, the TUC general council meeting will consider all these policies, including Mr. Jones' idea for a flat rate pay increase which the TUC's document sees as a "clear, simple policy on which the movement could unite."

It also spells out the impact such an idea could have on traditional methods of fixing wages when it warns that traditional comparability methods of determining pay levels—such as those used for civil servants — "might need to be suspended over the next critical 12 months if agreement was reached on a single figure." It is for reasons such as these that a substantial opposition will be mounted to-morrow against the flat-rate idea.

THE LEX COLUMN

Sheffield bids: a new twist

Index fell 15.0 to 318.8

Shareholders in Daniel Doncaster need spend little time considering International Nickel's £10.9m. 'agreed' cash bid before accepting. After all, the offer of 101p a share compares with yesterday's DD opening price of 45p and is above the high touched in the last bull market. Inco has no doubt had the complications of the Sheffield Twist triangle well to the front of its mind. These terms certainly seem likely to deter further offers and any challenge from Johnson and Firth Brown with 10½ per cent. of the DD equity seems highly improbable.

The exit p/e for DD is about 8 on 1974-75 pre-tax profits of £2.74m.; the latter total is more than three times the figure for 1973-74 after deducting the Rolls-Royce adjustment, and also well above the total for the preceding years. But both parties reckon these profits are more than sustainable. In the short term, for example, any decline in demand from the aircraft sector should be fully offset by the strength of sales of spares and buoyancy elsewhere, notably among North Sea oil customers. One possible threat to the deal is over the question of control passing out of the U.K. though this did not, of course, cause any Government intervention in the Sheffield Twist case.

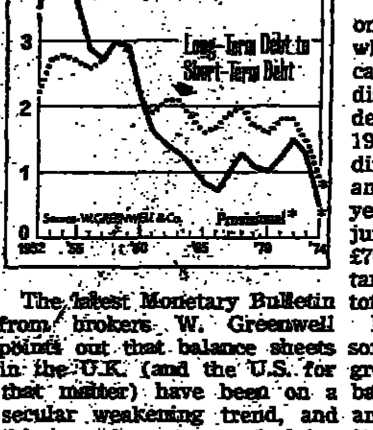
Meanwhile, Johnson and Firth Brown has responded to Greening's 74 per cent. increase in 1974-75 pre-tax profits and sharply higher dividend by lifting its offer from 23.5p to 28.2p a Greening share, against last night's closing price of 29p. The new offer is still regarded as inadequate by Greening not only because of its level but also since it is all-equity. And a further complication has been added by the arrival on the scene of the European Commission—which does not, on the GKN/Miles Druce precedent, promise a speedy solution to the struggle.

FNFC

Touche Ross and Deloitte are not venturing any opinions on the adequacy or otherwise of First National Finance Corporation's provisions against its property lending. Now the Board is asking shareholders to relax the borrowing limits contained in the Articles of Association — the company does not intend to increase its borrowings but "the limit could become restrictive." Any further losses would presumably cause problems, for borrowings at the end of May were £367m. against a limit of £415m. based on eight times capital and reserves (and end-December borrowings actually appear to have been above this figure). Otherwise, there are no indications of the form that any future restructuring may take.

Balance sheets

Let us suppose that the ultimate currency stabilisation package arrives—not a collection of nebulous statements of intent but a proper programme for the rapid correction of the Government financial deficit involving cash ceilings on spending and necessarily causing a very severe business recession. How could the bankruptcy of a large part of the corporate sector be prevented in such an economic onslaught?



The latest Monetary Bulletin from brokers W. Greenwell points out that balance sheets in the U.K. (and the U.S. for that matter) have been on a secular weakening trend, and this is an important underlying reason why the authorities are forced to expand the money supply. The financial system had its own corrective mechanism for the inflationary pressures of 1974—a spectacular crash involving massive debt write-offs—but this was short-circuited by the Bank of England. Instead, the debt write-off is being achieved more surreptitiously through the persistence of large negative real interest rates. But this, say the brokers, is not a stable situation.

What is needed is some kind of technical solution to the transitional balance sheet problem. If we are not to wait for hyperinflation (by 1977, according to Greenwell) to eliminate debt, some way of reducing the cost of servicing past debt may be a necessary condition for a restoration of the currency, and safety net policies will need to be devised. But whereas present intervention (as with British Leyland) is spreading further and further, post-stabilisation measures could be rapidly phased out. Conditions would favour the raising by companies of new equity and long term debt to recapitalise balance sheets even though — for a time — profits would continue under pressure in the recession.

Godfrey Davis

Godfrey Davis' once lucrative U.K. rental business has been badly hit by cost inflation and sluggish demand—and group profits for 1974-75 are 27 per cent. lower at £1.17m. pre-tax, against a £2.18m. peak two years ago. The overseas losses are £107,000 higher at close on £½m.; but the real squeeze on earnings last year was inflationary in origin with GD experiencing a rise of 40 per cent., on average, in the cost of new vehicles.

GD turns over its hire fleet once every 12 to 15 months which in 1974-75 entailed a gross capital outlay of £2.4m., after disposals. Against that group depreciation and retentions in 1974-75 totalled £4.6m. but the differential between outgoings and disposals widened, and year-end borrowings have jumped from £5¼m. to around £7m. This is roughly what GD's tangible shareholders funds totalled at the end of 1973-74.

However, vehicles make up something like three-quarters of gross fixed assets so the group's bankers can have few qualms; and GD is busy trimming back its fleets with the commercial side alone coming down this year from 2,200 to 1,700 units. The dealerships—which performed well last year—have to contend with a fall of maybe a tenth in new car sales in the 1975 second quarter, and overall the group earnings picture in 1975-76 is again going to be uninspiring. The shares yield 12.8 per cent. at 34½p, and cover falls to 1.3 times with the overseas losses pushing the tax charge up to 66 per cent.

Registered at the Post Office. Printed by St. Clements Press Ltd. for and published by The Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.